

Version 3

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Reviewed by: Robin Vandekerkove

Validated by the Board of Directors

BEST EXECUTION POLICY

I. Introduction

Pure Capital S.A. (hereinafter referred to as the “Company”) is a management company pursuant to Chapter 15 of the Law dated 17 December 2010 relating to undertakings for collective investments and is also an alternative investment fund manager pursuant to Chapter 2 of the Law dated 12 July 2013 relating to AIFMs. The Company also provides discretionary portfolio management services and investment advice to private clients according to the article 101(3) of the Law dated 17 December 2010 relating to undertakings for collective investments and article 5(4) of the Law dated 12 July 2013 relating to AIFMs. The Company has one branch located in Belgium and supervised by the FSMA.

The Company shall act in the best interests of its clients when executing or transmitting orders in relation to the portfolios under its management, for the investment funds and clients under discretionary management (hereafter collectively referred to as the “Clients”).

For this purpose, the Company must take all the reasonable steps to obtain the best possible results for the Clients, taking into criteria such as account price, costs, speed, likelihood of execution and settlement, order size and nature or other consideration relevant to order execution. This obligation is known as the duty of “best execution”.

Implementing Best Execution is not a guarantee for the best possible result for each individual order at all times, but a requirement to be able to obtain, on a consistent basis, the best possible results for the execution of orders.

This document is annexed to the General Terms and Conditions which are accepted by the Clients when they enter into business relationship with Pure Capital S.A.

This Policy should be read in conjunction with the Policy on Order Transmission.

II. Legal background

The Company aligned this Policy with the existing best practices and in compliance with:

- For UCITS
 - o The Law of 17 December 2010 relating to undertakings for collective investment;
 - o The CSSF Regulation 10-04 of 24 December 2010 as regards organizational requirements, conflicts of interest, conduct of business, risk management and content of the agreement between a depositary and a management company;
- For AIF
 - o The law of 12 July 2013 on alternative investment fund managers (Art. 25, 27);
 - o The EU Commission Delegated Regulation of 19 December 2012 supplementing the AIFMD;
- The Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (“MiFID”);
- The Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organizational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive;
- The Law of 5 April 1993 on the financial sector, as amended;

- The CSSF Circular 18/698 of 23 August 2018 on the authorization and organization of investment fund managers incorporated under Luxembourg Law;
- The CSSF Circular 07/307 of 31 July 2007, as amended by CSSF Circulars 13/560, 13/568, 14/585 and 23/841, on the conduct of business rules in the financial sector under MiFID;

This Policy applies to:

- Financial instruments according to annex 1 of Directive MiFID 2004/39/CE (namely: equities, bonds, derivatives, money market instruments, financial contracts for differences, units in collective investment undertakings). The financial instruments covered by MiFID include most financial instruments but do not include (non-exhaustively):
 - Spot Foreign Exchange and Spot commodity transactions;
 - Loans and deposits.
- All Non-Professional and Professional Clients. This Policy does not apply to Eligible Counterparties.

III. The relative weight ascribed to various factors

As already mentioned, the Company must take all the reasonable steps to obtain the best possible results for the Clients, with regard to price, costs, speed, likelihood of execution and settlement, order size and nature or any other factor that in the Company's opinion is relevant for the execution of a particular order. Normally, the greatest significance shall be ascribed to the total price of execution. The total price shall consist of the price of the financial instrument and all the execution costs. The costs for the execution of the transaction include the costs linked to the execution system, the clearing and settlement costs, and any costs paid by third parties involved in the execution of the order.

In certain circumstances, as for example in conjunction with large orders or orders subject to particular terms and conditions, the Company may also grant greater consideration to the following factors:

- The speed of execution;
- The probability of execution;
- The size and nature of the order; or
- For other reasons, any other considerations related to the execution of the order.

These factors may be more important, or as important as price, cost or liquidity. The Company shall determine the relative importance of the factors based on:

- The objectives, investment policy and specific risks of the Client and its portfolio;
- The characteristics of the order;
- The financial instrument concerned;
- The possible execution venues.

Particular class of financial instruments:

Other factors can assume a relative higher importance in consideration of the class of financial instruments:

- **For Equities**, the speed of execution is also an important criterion as some orders need to be filled in the shortest possible time to avoid a possible adverse impact on the price due to volatile market

conditions (market order for instance). For example a portfolio manager may want to buy a share following good earnings announcement. In this situation, the portfolio manager would aim at executing its order quickly in order to capture as much as possible of the anticipated upside move.

- **For Fixed Income**, the likelihood of execution plays an important role as in some cases the order represents a significant portion of the market size. In the case where all portfolios have to be rebalanced simultaneously, it is paramount to execute the full quantity to ensure all portfolios have the same market exposure following the rebalancing exercise.
- **For OTC derivatives**, other criteria such as counterparty risk, liquidity, ability to structure complex product are also taken into account. With respect to the price criterion, the request for quotes is likely to identify the best available price. It is however worth noting that in some parts of the OTC market, it is not unlikely or unadapted to ask and/or obtain a single quote, in particular in case of illiquid, customized or complex products. A record of the quotes obtained through the request for quotes is kept.

Regarding counterparties approved to execute OTC derivatives, additional criteria are assessed by the legal and risk departments within the Company:

- The head of legal ensures that the contractual relationship between the counterparty and the Company is documented under a relevant market agreement, which in most cases is an ISDA and Collateral Support Annex (CSA) but maybe another national standard market agreement if conditions are met.
- The head of risk monitors funds regulatory ratios (e.g. concentration and diversification) and counterparty exposures at fund, mandate and global levels. The risk team is supported by the Head of Compliance who controls more specifically the proper use of authorized counterparties on a transaction per transaction basis.

As highlighted in Article 27 of MIFID II and irrespective of the criteria described above, the dominant best execution criterion for non-professional clients is the total cost of acquisition or disposal.

For each class of financial instruments, the Company expects that the Execution Delegates will define the key execution factors as described in this Policy that will be taken into account when executing orders.

IV. Investment Funds

Several situations may occur for the Clients and in particularly the investment funds (hereafter referred to as the “Funds”):

- The Company may be directly in charge of managing the Fund’s portfolio and may not delegate the investment management function to a third-party. In addition, the Company may receive advices (“Investment Advices”) from an Investment Advisor appointed by the Fund and/or by the Company.
- In other cases, the Company may delegate the management of the Fund’s portfolio to a third-party investment manager.

The Company acts in the best interests of the Funds that it manages when it passes on behalf of these Funds the orders of negotiation for the execution with other entities.

Thus, all the reasonable measures are taken in order to obtain the best possible result for the Funds taking into account the price, the cost, the speed of execution as also the settlement, the size and the nature of the order.

The following criteria determine the relative importance of these factors:

- The objectives, the investment policy and the specific risks to UCITS, as it is indicated in the prospectus or, if appropriate, in the regulations or in the governing documents of the UCITS;
- The characteristics of the order;
- The characteristics of the financial instruments, which are the subject of this order;
- The characteristics of the places of execution to which this order could be conveyed

The Company establishes and implements this Policy allowing to obtain the best possible result.

The Company enters into execution agreements with its Execution Delegates only if such are in accordance with the performance requirements. The Company makes appropriate information available to unitholders on the adopted policy and on any significant change of this one.

The Company executes its orders via its portfolio managers/middle officers. The latter ensure that the Execution Delegates' execution policy has been received and make sure that they correspond to the Company's Policy.

V. Methods for executing orders

Orders regarding financial instruments shall primarily be transmitted for execution to brokers that have direct access to relevant trading venues. The Company does not execute orders itself as such activity is delegated to duly selected services providers (hereafter referred to as the "Execution Delegates"), such as brokers, execution intermediaries and banks. The Company is allowed to only use one single Execution Delegate if that is in the best interests of the Clients if that would achieve in obtaining the best execution result for its Clients and the Company will assess this regularly in order to ensure compliance of the Execution Delegates with applicable legislation.

Indeed, the Company undertakes its best efforts to:

- bind Execution Delegates to this Policy and/or
- make certain that the Execution Delegates have an equivalent Best Execution policy and procedure in place which has been implemented and
- monitor the trading activities, at minimum via spot checks.

Where the Execution Delegates are investment firms authorized under national laws implementing MiFID, they are required to maintain an equivalent Best Execution Policy which is designed to ensure that they take all reasonable steps to obtain the best possible result when executing orders on behalf of the Clients of the Company and that they shall at all times act in their best interests.

As this is a regulatory obligation of the Execution Delegates, the Company will require the Best Execution Policy and verify its implementation at the initial due diligence and ongoing due diligence reviews.

Where the Execution Delegates are not authorized and regulated under MiFID, the Company further ensures that the Execution Delegates adheres to its Best Execution Policy or equivalent trading arrangements.

VI. Broker selection

As detailed here above, the Company applies a formalized process for selecting Execution Delegates based on their ability to trade, from front to back, the various types of instruments and conducts initial due-diligence and ongoing due-diligences as outlined in the due-diligence check-list in attachment.

A. Execution Delegate Onboarding Process

The Company has adopted procedures relating to its dealings with counterparties with which it transacts. Before adding a broker-dealer to its approved list of counterparties, the Company's Risk Committee conducts a credit analysis of the broker-dealer. It is the responsibility of the Company to ensure that each counterparty with which it trades has been approved. The Company's risk team provides a formal approval for all new brokers.

B. Best Execution Selection Criteria

When determining whether a broker is qualified to provide services to its Clients the Company considers, among others, the following relevant factors:

- Confidentiality of trading activity;
- Reputation – financial strength and stability of the broker;
- Broker's ability to commit capital;
- Quality of execution – accuracy and timeliness, clearance and error/dispute resolution;
- The operational facilities of the broker, including back office efficiency;
- Overall costs of trades including commissions, mark-ups, mark-downs and/or spreads;
- Research and custodial services provided by the broker that are expected to enhance the Firm's general portfolio management capabilities;
- Broker's ability to handle large or difficult trades;
- Block trading and block positioning capabilities;
- Access to deal flow;
- Quality of fixed income and derivatives offerings;
- Nature of the security and the available market makers;
- Desired timing of the transaction and size of trade;
- Market intelligence regarding trading activity.

In addition, the Company will consider, as a criterion, the fact that the broker is MiFID compliant as described above.

The Company will handle a hierarchical decision selection process as to Execution Delegates as follows:

- Ability of the Execution Delegates to execute the order in accordance with this Policy;
- Application of the Client's specific requirements as follows:

- A Client giving a discretionary mandate to the Company is entitled to communicate specific instructions (like using a specific Execution Delegate) even if such instructions differ from the provisions of the Company. The Company will comply with those instructions but will not be responsible for applying the principles of best execution for the criteria impacted by these instructions.
- A client giving a discretionary mandate to the Company is entitled to communicate a ranked list of approved execution intermediaries with objectives in terms of allocations of volumes or participation to requests for quotes: the selection of the execution intermediary will occur depending on the distance from the targets as a subsidiary criterion that will apply to differentiate execution intermediaries offering the similar execution conditions

This entails that when the Clients give a specific instruction on how to execute an order, the Company and Execution Delegates endeavor as far as possible in order to execute Client's instructions. The Clients should however be aware that if Execution Delegates act in accordance with the Client's instructions, this might not necessarily lead to an execution of the transaction in accordance with this Policy or the best execution policy of the Execution Delegates.

Insofar as the Clients give one or more specific instruction(s), the Execution Delegates and the Company will be considered as having fulfilled their legal obligations to take all the reasonable measures in order to obtain the best possible result for the Clients in accordance with this/these specific instruction(s) of the Clients.

When the Company has a suspicion that a broker or Execution Delegate does not follow the Best Execution framework it will investigate and decide if it is still an eligible counterparty. If not, the relationship may be terminated. If a broker is not needed any longer the relationship has to be terminated as well. Such brokers will be removed from the list of authorized brokers of the Company.

VII. Execution venues

The Company itself is not a market member and therefore does not execute orders on any trading venues defined by MIFID encompassing Regulated Markets, Multilateral Trading Facilities, Organised Trading Facilities.

As a consequence, to achieve the best execution as described above, the Company may only transmit orders for execution to a Execution Delegate approved according to the previous section of this Policy.

The Company allows its Execution Delegate to operate on different execution venues, based in the European Economic Area or not, which include:

- Trading venues: Regulated Markets (RM), Multilateral Trading Facilities (MTF), Organized Trading Facilities (OTF);
- Systematic Internalisers (principal traders and market makers);
- Over-the-counter (OTC) markets;
- Other counterparties acting as liquidity providers.

The Company will either determine the ultimate execution venue/entity for a Client's order on the basis of the order execution factors as described above (giving specific instructions to the Execution Delegates) or the Company will satisfy itself that the Execution Delegates have arrangements in place to enable the Company to comply with its obligations and ultimately, their Clients.

The Company maintains a list identifying, for each class of instrument, the Execution Delegates with which orders may be placed. Arrangements are only permissible when they are consistent with the obligations detailed in this Policy.

The Company will assess which Execution Delegates or execution venues are likely to provide the best possible result for the Clients on an order by order basis.

VIII. Review framework

The Company implements an ongoing monitoring of the effective application of this Policy and makes sure it gives the necessary guidelines to act in the Clients' best interests.

The Company's Compliance Officer is responsible for:

- Making sure the scope and content of this Policy are correctly defined and cover all the legal and regulatory aspects. Consequently, the Compliance Officer analyses the application of execution criteria by the Execution Delegates on a spot check basis, and when relevant, liaises with portfolio management teams, before eventually referring to the Senior Management.
- Implementing its own best execution controls to measure the quality of the results and compare them to the guidelines defined by the Policy. To do so, a range of data is used to monitor execution quality including transaction costs analysis benchmarks and other market data. Qualitative monitoring is also carried out such as controls regarding timely execution or fairness of allocation.

Although the Compliance Officer is in charge of best execution oversight, middle office and portfolio managers have to carry out day to day monitoring on the quality of execution (first level set of controls).

They are aware of execution criteria, and are expected to send any comment that they find appropriate on a regular basis to their management and to the Compliance Officer. Their comments are part of the elements used for the annual review of the Policy.

In compliance with applicable legislation, the Company keeps evidences of the Policy application, including spot controls, relating to execution and can communicate them to the Clients on request. Should Clients reasonably request data relating to their own accounts and/or own mandates in respect of execution of transactions, the Company will provide information without unreasonable delay after having checked with the Execution Delegates.

In the absence of any internal or external major event requiring an earlier update, the Policy is reviewed at least annually.

The Company is required to obtain the Clients' consent to its execution policy as per the General Terms and Conditions of the Company.

In case of significant changes in the principles laid down in this Policy, the Clients will be informed in writing.

The Board of Directors of the Company