

## Intermediaries Selection Policy

Updated on May 18, 2017

### Scope of the policy

---

In accordance with the provisions of articles L.533-18 of the Monetary and Financial Code and 314-75 of the AMF General Regulations, Moneta Asset Management establishes and implements a policy of best selection of intermediaries to whom orders resulting from its investment decisions are transmitted (order executors, swap counterparties, futures clearing agents) in order to comply with the obligation to obtain the best possible result for clients or managed funds.

In accordance with the provisions of Article 314-75 of the AMF General Regulations, this best selection policy for intermediaries is reviewed annually and, in any event, "*whenever there is a significant change affecting the provider's ability to continue to obtain the best possible result for its clients or the collective investment referred to in Article 311-1 A that it manages*".

### Intermediaries selection

---

#### a) Initial contact and assembling the file

Before entering into any relationship with an intermediary, Moneta Asset Management checks that the intermediary concerned has the authorization and the capacity to provide the services necessary to meet the portfolio management company's needs in the context of order execution. Moneta Asset Management also ensures that the relevant intermediary has a best execution obligation towards the asset management company either because it is itself subject to a best execution obligation and agrees to categorise Moneta Asset Management as a professional client or because it contractually undertakes to comply with the best execution obligation.

The file for entering into a relationship with an intermediary includes the elements listed below:

- identification and capacity verification document (identity document, K-bis extract or equivalent),
- proof of the existence of a regulated status,
- best execution policy,
- conflict of interest management policy,
- agreement signed with the intermediary, or the TERMS OF BUSINESS (which are not signed) for foreign brokers,
- IRL,
- contact list,
- customer classification (MIFID).

#### b) Criteria for selection

The entry into a relationship with a new broker may result from a decision by the trader or an analyst, validated by the manager, or by the manager himself.

For order executors, the choice of a new intermediary may be justified by its ability to provide liquidity for the securities in its portfolio, its expertise in a sector monitored by the management teams, its reputation, and past experience with the intermediary that has demonstrated the quality of its services.

For swap arrangers, the cost of the service and the minimisation of counterparty risk are the criteria taken into account when selecting a new intermediary.

## **Intermediaries monitoring**

---

### **a) Frequency and arrangements for monitoring intermediaries**

- **For financial securities**

The intermediaries thus selected (order executors) are rated semi-annually by the managers, analysts and the trader of Moneta Asset Management on the basis of the following criteria:

- quality of research
- quality of assistance in meeting companies (corporate access),
- quality of sales support,
- quality of execution (sales trading, settlement and good relationship with the back office).

In addition, in accordance with Article 314-75-1 of the AMF General Regulations, the quality of financial analysis must be taken into account independently if necessary. Its cost must in any event be compatible with the primacy of the interests of customers.

The final rating of the order executors results from the summary of votes made by the analyst-trader of Moneta Asset Management then validated by all the management teams at a half-yearly meeting.

When the operational staff concerned have assigned different ratings to the same intermediary, the rating adopted is the result of a collegial decision.

The aforementioned half-yearly meeting is the subject of a report archived in the file MME/Valeurss/Opinions sur analystes et brokers located on the network and kept for a minimum of 5 years.

- **For financial contracts**

The intermediaries thus selected (counterparties for swaps and clearing agents for futures) are rated annually by the Long Short management team and the Middle Office of Moneta Asset Management on the basis of the following criteria:

- cost of intermediation,
- quality of order execution,
- smooth running of operations, settlement and quality of relations with back offices.

The final rating of counterparties and clearing agents is based on the assessment of the Long Short management team and the Middle Office of Moneta Asset Management, validated at an annual meeting.

This annual meeting is followed by an update of the file with the results of the meeting. This file is archived on the network and kept for a minimum of 5 years.

For your information, as of the date of this update, the Moneta Long Short fund trades (i) swap orders exclusively with Morgan Stanley using its Passport platform and (ii) futures exclusively with Newedge for clearing via an indirect relationship via the Morgan Stanley Passport platform.

#### **b) Decisions**

If an intermediary no longer meets the qualitative and/or quantitative criteria defined by Moneta Asset Management, the management of Moneta Asset Management may decide to limit the flow of orders or transactions with the intermediary concerned, send a letter to the intermediary concerned in order to inform them of the malfunctions observed and to correct them or suspend or even terminate the relationship with this intermediary.

If Moneta Asset Management wished to terminate its contractual relationship with an intermediary no longer meeting the criteria defined by the asset management company, the latter should, as far as possible, unwind all outstanding transactions with the intermediary concerned.