

Research and Execution Intermediaries Selection and Policy

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Important note: this document is a free translation of the document titled «Politique de sélection des prestataires d'exécution et de recherche et de meilleure sélection/exécution ». In case of discrepancies between the two versions, only the French version will be considered valid and binding.

Scope of the policy

In accordance with the provisions of articles L.533-18 of the Monetary and Financial Code and 321-114 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 and a best execution policy 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 321-114 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*".

Execution and Clearing Intermediaries and Swap Counterparties selection

a) Initial contact and onboarding

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. In the case of credit markets (money market instruments and bonds), the intermediaries generally considering not owing best execution duty is not owed to Moneta Asset Management, the latter is therefore responsible for the Best Execution as regards the UCI it manages.

b) Criteria for selection

The entry into a relationship with a new intermediary may result from a decision by the trader or an analyst, validated by the portfolio manager, or by the portfolio 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, futures dealers and clearers, the cost of the service and the minimisation of counterparty risk are the criteria considered when selecting a new intermediary.

Research providers selection

a) Initial contact and onboarding

Before any business is made with a research provider, Moneta Asset Management constitutes a file that contains at least a written contract specifying, not necessarily exclusively, that the subject-matter is the provision of support services of investment decision and order execution.

b) Selection criteria

It should be reminded beforehand that such services must present a direct interest for the managed UCI, and be compliant with the regulation (especially articles 321-119, 321-122 and 321-123 of the AMF General Regulations, and AMF Instruction 2007-02).

Moneta Asset Management retains its research providers notably considering the quality of the financial analysis produced or any other relevant quality metric about the service provided. The principal criteria are the price and quality of the service.

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

c) Research providers fees

Whenever research providers are also execution providers, said providers may be globally compensated for the provision of their services through commissions acquired whenever they execute each transaction. The research providers, whether they are execution providers or not, may also be compensated through other intermediaries' commissions, through commission sharing agreements (CSAs). Whenever a service provided responds to multiple needs which some may only be considered as the provision of support services of investment decision and order execution, Management defines an allocation key, that enables to charge only the eligible part of services to CSAs. This key is reviewed annually by Management.

Intermediaries and Research providers selection

a) Frequency and arrangements for monitoring intermediaries

- **For equity execution and research**

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 321-115 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 for a minimum of 5 years.

- **For money market and bond execution**

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 execution (variety and depth of the offer, competitive pricing, quality of middle and back-office processes, financial strength)
- quality of sales support,

There is no composite rating to intermediaries retained, because this process aims principally to ensure that existing intermediaries responds to the access to global liquidity needs, best execution being ensured transaction by transaction, through competitive or bilateral dealing.

The rating is archived for a minimum of 5 years.

- **For execution, clearing and other operations on 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 annually.

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.

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.

Best selection/execution

On order transmission for execution, Moneta Asset Management selects the execution provider, or takes every reasonable measure whenever it executes orders itself, that enable to obtain the best result possible, considering price, cost, speed, execution and settlement probability, order size, or any other consideration relevant to the execution of the order.

Moneta Asset Management takes into account, so as to determine the relative influence of these factors, the characteristics of the financial instruments subject to the order, the characteristics of the venues of execution to which the intermediary could route it, the order objectives and investment policy of the UCI as well as any mentioned risks in its prospectus.

As a general rule, whatever is the considered asset class, the factors considered as most important by Moneta Asset Management are relative to the total consideration and to the sought-after size.

On equity markets, Moneta Asset Management equally considers important the speed of execution.

On credit markets, Moneta Asset Management equally considers important the factors of execution and settlement probability as well as the counterparty risk.

On derivatives markets, Moneta Asset Management equally considers important counterparty risk and operational risk.

Generally, Moneta Asset Management will not be market member, and for this reason may not give information as to the systems in which it executes orders and factors influencing their choices, nor communicate information relative to systems that may enable it to obtain in most cases the best result possible. A list of the main counterparties of Moneta Asset Management may nevertheless be communicated on written demand. Otherwise, Moneta Asset Management informs the UCI subscribers that the orders may be executed by its intermediaries outside of a trading platform, and by itself outside a trading platform, inter alia with a counterparty.

Moneta Asset Management has teams (trading desk and portfolio assistant) and specific tools (TCA tool for analysing equity transaction costs) that contribute to the best execution/selection. However, portfolio managers may transmit directly orders, notably when they consider that speed is of the essence.

Best execution and selection will generally be founded on the research of liquidity through a plurality of sources (inter alia by sharing expressions of interest). However, this principle may be overridden whenever the circumstances of the investment decision or the market structure render this approach less favourable to the subscribers' best interests. In particular, in credit markets, bilateral negotiations may only be conducted, because they help avoiding the negative effects of interest publicity, and make execution more probable.