

# Execution and research providers selection and best execution/selection 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 and review of the policy**

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In accordance with the provisions of Articles L. 533-22-2 of the French Monetary and Financial Code, Articles 25 to 29 of Delegated Regulation (EU) No. 231/2013, and 321-114 of the AMF General Regulation, Moneta Asset Management, establishes and implements a policy of better selection of intermediaries to whom orders resulting from its investment decisions are transmitted and a policy of better execution in order to comply with the obligation to obtain the best possible result for clients or funds managed. The best selection policy is part of the more global framework of the selection of intermediaries and service providers supporting investment decisions and the execution of orders (hereinafter also referred to as research providers). Regarding the latter, the company selects them taking into account in particular the quality of the financial analysis produced or any other relevant consideration with regard to the service provided.

In accordance with the provisions of article 321-114 of the AMF General Regulation, this policy is reviewed annually and, in any case, "each time there is a significant change having an impact on the service provider's ability to continue to obtain the best possible result for its clients or the collective investment mentioned in article 311-1 A that it manages".

## **Selection of execution, clearing and swap counterparties**

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### a) Onboarding

Before entering into a relationship with an intermediary, Moneta Asset Management verifies that the intermediary concerned has the authorization and capacity to provide the services necessary for the needs of the portfolio management company in the context of the execution of orders. . Moneta Asset Management also ensures that the execution intermediary concerned is subject to a best execution obligation towards the portfolio management company either because it is itself subject to a best execution obligation. execution and agrees to categorize Moneta Asset Management as a professional client, or because it contractually undertakes to comply with the best execution obligation. In the case of the organization of credit markets (concerning bonds and money market instruments), intermediaries generally consider that they are not bound by a duty of best execution with regard to Moneta Asset Management, the latter is then responsible for best execution with regard to the UCIs it manages.

### b) Selection criteria

Entering into a relationship with a new service provider may result from a decision by an analyst-negotiator or an analyst, validated by the portfolio manager, or from the portfolio manager himself.

Concerning order execution providers, the choice of a new intermediary can be justified by its ability to provide liquidity to the securities in the portfolios, its expertise in a sector followed by the management teams, its reputation, past experiences with this intermediary having made it possible to demonstrate the quality of its services.

Concerning swap counterparties, futures executors and clearers, the cost of the service, the minimization of counterparty risk are the criteria considered in the selection of a new intermediary.

### **Selection of research providers**

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#### a) Onboarding

Before entering into a relationship with a research service provider, Moneta Asset Management creates a file which contains at least a written agreement having as its purpose, which is not necessarily exclusive, the provision of investment and order execution decision support services (IOEDSS).

#### b) Selection criteria

As a preliminary point, it is recalled that IOEDSSs must be of direct interest to the UCIs managed and comply with regulations (in particular articles 321-119, 321-122 and 321-123 of the RGAMF, as well as AMF instruction 2007-02).

The company selects its research providers taking into account in particular the quality of the financial analysis produced or any other relevant consideration with regard to the service provided. The main criteria considered are the price and the quality of the service.

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

#### c) Remuneration of research providers

When research providers are also execution providers, they may be remunerated overall for their service through the intermediation fees they charge for each transaction they execute. Research providers, whether execution providers or not, may also be remunerated through intermediation fees relating to transactions executed by other execution providers, through shared brokerage commission agreements (CSA). When a service received contributes to a plurality of purposes, only some of which can be considered as related to the purpose of IOEDSS, the Management defines a distribution key making it possible to allocate only the share of services eligible for financing by CSA. This key is reviewed annually by Management.

### **Monitoring of intermediaries and research providers**

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#### a) Frequency and methods of monitoring intermediaries and research providers

- For execution and equity research

The selected intermediaries and research providers are subject to a half-yearly rating by the managers, analysts and an analyst-trader from Moneta Asset Management based on the following criteria:

- quality of research
- quality of assistance in meeting with companies (corporate access),

- quality of sales support,
- quality of execution (sales trading, relevance of electronic trading algorithms, settlement-delivery and good quality of back office service).

When service providers provide only one service (ie execution or research), they are evaluated solely on the service they provide.

In addition, in accordance with article 321-115 of the AMF General Regulation, the quality of the financial analysis must be taken into account independently where applicable. Its cost must in any case be compatible with the primacy of customer interests.

The final rating of order executing counterparties results from the summary of votes carried out by the Moneta Asset Management analyst-trader then validated by all the management teams during a half-yearly meeting.

When the operational staff concerned have assigned different scores to the same intermediary, the score retained is the result of a collective decision.

The aforementioned half-yearly meeting is the subject of an archived report and kept for a minimum of 5 years.

- For execution on money and bond markets

The selected intermediaries are subject to an annual rating by the managers, the assistant manager and the analyst-trader of Moneta Asset Management on the basis of the following criteria:

- quality of execution (variety and depth of the offer, price competitiveness, quality of middle and back office processes, financial solidity)
- quality of sales support (sales proactivity)

A composite rating is not assigned to the intermediaries thus selected, because this rating exercise mainly ensures that existing intermediaries meet the overall needs for access to liquidity, with the best execution being ensured overall transaction. per transaction, through competitive or bilateral negotiations.

The aforementioned rating is subject to archiving for a minimum of 5 years.

- For execution, clearing and other operations on financial contracts

The intermediaries thus selected (counterparties for swaps, executors and clearers for futures) are subject to an annual rating carried out 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 delivery and quality of relationships with back offices.

The final rating of counterparties and clearers results from the assessment of the Long Short management team, the analyst-traders and the Middle Office of Moneta Asset Management, validated annually.

The aforementioned rating is subject to archiving 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 the portfolio management company may decide to limit the flow of orders or operations with the intermediary concerned, send a letter to the latter in order to inform him of the dysfunctions observed and to correct them or suspend or even terminate the relationship with this intermediary. If a research service provider no longer meets Moneta Asset Management's requirements, Management may inform it, consider reducing its budget or even terminate the relationship with it.

### **Best Selection/Execution**

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When transmitting orders for execution, Moneta Asset Management selects the execution provider, or takes all reasonable measures when it executes orders itself, which make it possible to obtain the best possible result considering price, cost, speed, likelihood of execution and settlement, size, nature of the order or any other considerations relating to the execution of the order.

Moneta Asset Management considers, in particular, to determine the relative influence of these factors, the characteristics of the order transmitted, the characteristics of the financial instruments which are the subject of this order, the characteristics of the places of execution to which the order could be sent by intermediaries, and the objectives, investment policy and risks specific to the UCI indicated in its prospectus.

The best selection/execution will generally be based on the search for natural liquidity by trading analysts (interest sharing on over-the-counter trading platforms, examination of indications of interest published on electronic trading platforms and financial information terminals, or communicated by counterparties), which may lead to the direct conclusion of transactions. If no natural liquidity is found, for equity markets (including to hedge equity swaps entered into by the funds), traders may decide to transmit an order for execution on the market, in particular by using liquidity-seeking strategies, or, in the case of orders for assets with limited liquidity, to regularly search again for any counterparty in order to be able to execute the transaction. Certain orders that are not very difficult to execute, based on criteria such as daily volume participation and order size, may be routed automatically within a predefined timeframe to predefined brokers and algorithms (broker wheel). However, the trading analysts will still be able to intervene in this process and will remain responsible for supervising execution quality.

In order to assess the quality of the best execution/selection provided by equity counterparties, real-time indicators are monitored by the trading analysts, such as the difference between the execution price and the volume-weighted average price (VWAP). In addition, TCA reports measuring relevant indicators such as the time taken to transmit orders to counterparties, slippage, reversion and the difference with the VWAP are generated and examined periodically with a view to the half-yearly rating. When the trading analysts identify potential anomalies, both during daily and periodic supervision, they contact the counterparty to confirm that the potential anomaly is genuine and has an impact on the interests of subscribers to Moneta Asset Management funds. In the case of anomalies that have been confirmed but are not serious, they are included in the execution quality rating. In the case of serious proven anomalies, the trading analysts inform the Management, which decides on the implementation of any appropriate measures to safeguard the interests of the subscribers of units in the UCIs managed by Moneta Asset Management.



## **About Moneta Asset Management**

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Moneta Asset Management is a société par actions simplifiée (SAS) with a share capital of 3,900,120 euros, having its registered office at 36, rue Marbeuf, 75008 Paris and registered in the Paris Trade and Companies Register under number 447 661 323. Moneta Asset Management is authorised as a Portfolio Management Company by the Autorité des Marchés Financiers under number GP 03-010.