



<b>Autors:</b> Laurent Pluchard Compliance Middle Office	<b>BEST SELECTION AND EXECUTION POLICY</b>	<b>N° 8</b>
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# 1. Regulation

**CSSF Circular 18/698** of 23 August 2018 regarding authorisation and organisation of Luxembourg investment fund managers.

**Commission Delegated Regulation (EU) 2017/576** of 8 June 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to regulatory technical standards for the annual publication by investment firms of information on the identity of execution venues and on the quality of execution.

**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 organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive.

**Commission Delegated Regulation (EU) No 231/2013** of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision.

**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.

**Directive 2011/61/EU of the European Parliament and of the Council** of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010.

**AIFM Law** of 12 July 2013 on Alternative Investment Fund Managers.

**UCITS Law** of 17 December 2010 relating to undertakings for collective investment.

**CSSF Regulation 10/04** transposing Commission Directive 2010/43/EU of 1 July 2010 implementing Directive 2009/65/EC of the European Parliament and of the Council as regards organisational requirements, conflicts of interest, conduct of business, risk management and content of the agreement between a depositary and a management company.

In this policy, the abovementioned laws are collectively named the “**Regulation**”.

## 2. Scope

Dynasty AM S.A. (the “**Company**”) is a public limited liability company (*société anonyme*) incorporated as a chapter 15 management company in accordance with the law of 17 December 2010 (the “**UCITS Law**”), as amended, and acts as an alternative investment fund manager (“**AIFM**”) within the meaning of the law of 12 July 2013 on alternative investment fund managers (the “**AIFM Law**”).

The Company is the Management Company of undertaking for collective investment in transferable securities (“**UCITS**”) subject to the provisions of the UCITS Law, and appointed as AIFM of alternative investment funds (“**AIFs**”). UCITS and AIFs managed by the Company are collectively named the “**Funds**” in this document.

The Company delegated the portfolio management of the AIF to a Delegated Investment Manager.

The Company also acts as Discretionary Portfolio Manager for a client being a physical person, who elected to be treated as a professional investor, and receiving discretionary portfolio management services. This

client has been classified as Professional Client upon his request and in accordance with his financial background knowledge.

The Company has decided to declare itself as a Professional Client with Financial Intermediaries. The latter must therefore provide it with a best execution service.

### 3. Objectives

The purposes of this Best Selection and Execution Policy (the “**Policy**”) are to ensure that:

- the execution of investment decisions taken on behalf of the funds managed is in accordance with the objectives, investment strategy and risk limits of these funds;
- reasonable measures are taken to ensure that orders placed for execution with other entities are executed at the best possible result and that execution contracts concluded with third parties take account of this obligation;
- the execution of portfolio transactions was carried out quickly and fairly on behalf of the funds / accounts managed.

### 4. Best Execution

#### 4.1 Principle of Best Execution

The Company must act in the best interests of the funds and/or mandates under its management when it places orders for execution with Financial Intermediaries.

#### 4.2 Factors in Best Execution

The Company undertakes to take all possible measures in order to obtain the best result when orders are placed with Financial Intermediaries on behalf of the Funds / accounts under management.

For this, the Company will rely on the following criteria:

- |  |   |
|--|---|
| <b>1/ Price of execution of the order:</b>                 | The order’s size and the available liquidity are taken into account to determine a good execution price.  |
| <b>2/ Category of instrument concerned:</b>                | Some Financial Intermediaries are known for their good execution as regards certain instrument’s category. Some financial instruments are only available to a limited number of Financial Intermediaries. |
| <b>3/ Geographic location of the instrument concerned:</b> | Use of Financial Intermediaries located in the same geographic zone that the instrument concerned and/or specialized in this geographic area and instrument.  |
| <b>4/ Transaction cost:</b>                                | The overall cost of a transaction including custodian and broker fees.  |
| <b>5/ Speed of intermediaries’ reply:</b>                  | Time required by the Financial Intermediary to execute the order on the market  |

## 5. Best Selection

### 5.1 Establishing a counterparty relationship

Before entering into any relationship with a Financial Intermediary, the Company will ensure that the selected Financial Intermediary is professional and competent.

Financial Intermediaries shall be selected according to their reputation, their human and technical resources, their ability to provide best execution with regard to their Best Execution Policy, according to technical and technological criteria: access to different markets, connectivity, experience, etc....

To this is added a KYC review carried out by the Compliance function as described in the AML/CTF procedure of the Company.

### 5.2 Best Selection criteria

The selection criteria taken into account by the Company in the selection of Financial Intermediaries are qualitative and quantitative.

#### *5.2.1 Qualitative Aspects*

##### 1/ Research & Expertise

- Relevance of the information provided by the Financial Intermediary according to the securities tracked or of interest (appreciation of the managers),
- Experience trades and markets of the Financial Intermediary.

##### 2/ Execution of orders:

- Execution prices,
- The ability to work with block orders,
- The ability to work orders on securities with low liquidity,
- The specialization of the Financial Intermediary in an instrument category or geographic area.

#### *5.2.2 Quantitative Aspects*

##### 1/ Middle Office

- Quality of confirmations / deadline for receipt of confirmations (assessment by the Middle Office),
- Quality of communication with the Middle and Back Office,
- Delivery payment deadline (monitor via a file that follows the outcome of transactions).

##### 2/ Primary

- Quality of the information received by the Financial Intermediary when new securities are issued,

- Quality of the allocation following the placement of the interest,
- Frequency of the Financial Intermediary's presence during new issues.

### 5.3 Internal Financial Intermediary Rating

The Investment Management Team will assign a scoring to each Financial Intermediary for each best selection criteria mentioned above. This score goes from 0 (very insufficient) to 5 (very satisfactory); and then, an average is made for each Financial Intermediary in order to define a global ranking.

This ranking will be used (i) to prioritize the Financial Intermediaries and (ii) to define the volumes that will be allocated to them for the coming period.

It should be noted that the new Financial Intermediaries cannot be subject of a quantitative and qualitative study, nor of rating; these will occur during the relationship. They will therefore be selected on the basis of paragraph 5.1 above.

### 5.4 Review and approval of the Authorised Brokers List

The list of the selected Financial Intermediaries and their assigned ranking will be submitted to the Conducting Officers of the Company, who will decide to keep or exclude any financial intermediary from the list. Finally, they will propose it for validation to the Board of Directors of the Company during their quarterly meeting.

### 5.5 Monitoring of the relationships

In accordance with its Due Diligence obligations, the Company ensures that its Financial Intermediaries as well as its Delegated Investment Manager have a Best Selection and Execution Policy and it is well applied. A clause has to be mentioned in the contract signed.

These checks are made at the frequency and in accordance with the procedures laid down in the Company's AML/CTF Procedure and in the Company's Procedure for the Monitoring Delegation and Due Diligence Process.

The checks' results will be presented to the Conducting Officers of the Company who will implement and monitor corrective actions in case of any breaches.

## **6. Client Information**

In accordance with the Regulation, the Company provides to its Clients with several information.

### 6.1 Information on this Policy

This Policy is published on the Company's website <http://www.dynasty-am.lu/politique-de-best-selection-et-best-execution-2/> and may be provided to clients upon request. The Company shall inform its clients of any major amendments to this Policy by posting an updated version on its website.

## 6.2 Information on the Top 5 Execution Venues

The Company also publishes each year on its website <http://www.dynasty-am.lu/top-5-brokers-1/> the list of the Top 5 Execution Venues with which it has placed or to which it has transmitted client orders in the previous calendar year, together with its conclusions on the execution quality attained.

# **7. Review and approval of the Policy**

## 5.1 Validation

This Policy is proposed to the Senior Management who will submit it for approval to the Board of Directors of the Company.

## 5.2 Review frequency

This Policy is reviewed at least annually or at any time where a major amendment is necessary relating to its ability to achieve the best possible outcome for its clients.