

**POLICY:  
BEST EXECUTION AND SELECTION OF FINANCIAL  
INTERMEDIARIES**

APPROVAL		REVIEW	
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## CONTENT

1. INTRODUCTION.....	3
2. SCOPE OF APPLICATION.....	3
3. LAWS AND REGULATIONS OF REFERENCE.....	3
4. SCOPE AND LIMITATION OF ACTIVITIES.....	3
5. GENERAL PRINCIPLES.....	4
6. BEST EXECUTION POLICY.....	4
6.1 SELECTION OF FINANCIAL INTERMEDIARIES OR EXECUTING AGENT.....	4
6.2 PLACEMENT AND EXECUTION OF ORDERS.....	5
6.3 REVIEW OF FINANCIAL INTERMEDIARIES.....	6
7. INFORMATION REGARDING BEST EXECUTION.....	6
7.1 COMMUNICATION OF THE POLICY.....	6
7.2 ANNUAL REPORTING.....	7
7.3 CUSTOMER REQUESTS FOR INFORMATION.....	7
8. OWNER OF THE POLICY.....	7
9. INTERNAL AUDIT.....	7
10. REVIEW AND PUBLICATION.....	8

## 1. Introduction

Fidentiis Gestión, S.G.I.I.C., S.A., (henceforth, "Fidentiis Gestión), in compliance with the provisions of the applicable rules and regulations, establishes through this policy (the POLICY), the procedures for best execution of orders the selection of financial intermediaries and execution venues.

## 2. Scope of Application

All Board members, Directors and employees of the Fidentiis Gestión are bound to comply with this POLICY and the rules for implementation.

## 3. Laws and Regulations of Reference

- Directive 2014/65/EC of the European Parliament and of the Council of the 15th May, 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU. (MIFID II)
- Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012, (Level I and Level II) (MIFIR)
- 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.
- Royal Decree XX that approves Implementation Regulation of the XX Financial Markets Law that modifies Royal Decree 217/2008. (SPAIN)
- Law 35/2003 of the 4<sup>th</sup> November on Collective Investment Institutions
- Royal Decree 1082/2012 of the 13<sup>th</sup> July, that approves the Regulation implementing Law 35/2003 of the 4<sup>th</sup> November on Collective Investment Institutions. (SPAIN)
- Circular 6/2009 of the 9<sup>th</sup> of December of the National Financial Markets Commission (SPAIN).

## 4. Scope and limitation of activities

The provisions for best execution established in regulation are only applicable to the management of Collective Investment Institutions.

Fidentiis Gestión does not provide investment advice or discretionary portfolio management. As such, Fidentiis Gestión is not obliged by rules and regulations on best execution information for these activities.

## 5. General Principles

- Fidentiis Gestión will act in the best interest of its customers when transmitting investment orders.
- Fidentiis Gestión will act honestly, fairly and professionally in the best interests of its customers.
- Fidentiis Gestión will establish a series of qualitative and quantitative criteria to select Financial Intermediaries through which orders will be processed.
- Fidentiis Gestión will evaluate at least annually, all Financial Intermediaries used for execution of orders, in order to verify compliance with the qualitative and quantitative criteria established.
- Fidentiis Gestión receives no monetary or non -monetary benefit or advantage from utilising any Financial Intermediary or execution venue that would be in non-compliance with its Incentives Policy.
- Fidentiis Gestión, with regards to its obligation to Inform, abides by the following principles.
  - This POLICY will be available to all customers.
  - Inform customers of any substantial change to this POLICY.
  - Reply to a reasonable request from customers for information on financial intermediaries and associated costs in a timely manner.
  - Make available information related to the quality of execution at execution venues, by financial intermediaries and in financial instruments.

## 6. Best Execution Policy

Fidentiis Gestión will adopt all necessary measures to obtain the best execution of customer orders. This POLICY defines the strategies to be adopted to achieve this outcome.

The provisions established in this POLICY for best execution are understood as the obligation to select the best Financial Intermediaries for the processing and execution of investment orders.

Fidentiis Gestión is not obliged to achieve the best price in each and every order given, but it is obliged to apply this POLICY for each and every order given to consistently achieve the best outcome.

### 6.1 Selection of Financial Intermediaries or Executing Agent

Fidentiis Gestión is obligated to keep a network of qualified intermediaries as part of the measures implemented to assure the best outcome for the execution of orders.

Intermediaries are selected based on the different nature of orders, (products, exchange etc.) that the Fidentiis Gestión may wish to execute.

Fidentiis Gestión will select intermediaries that can prove to have mechanisms for execution at their disposal that allow them to meet their obligations under MiFID. Intermediaries are selected by the Fidentiis Gestión based on the following criteria.

Fidentiis Gestión defines an investment strategy, for each of the investment vehicles under management, and evaluates the need for Financial Intermediaries based on the characteristics of the investment strategy. Based on this evaluation, it configures a proposal of the Financial Intermediaries segmented by localisation and type of operation.

Additionally, Fidentiis Gestión considers:

- Overall quality of execution (speed, efficiency etc.)
- Quality of the outcome of trades.
- Share of the intermediary in the market.
- Economic solvency.
- Reputational solvency.
- Market coverage (Spain, Portugal, Italy, International)
- Full Service Offering (Financial analysis, sales and trading, access to management and back office performance).

Prior to using their services, Fidentiis Gestión has reviewed the quality of all its Financial Intermediaries' and Execution Agents' Best Execution Policies, as it does its own, and will review said policies at least once a year.

On the proposal of the Investment and Analysis Departments, with an evaluation undertaken by Risk Management, The Board of Directors or the CEO is responsible for the selection of Financial Intermediaries and Executing Agents.

## 6.2 Placement and Execution of Orders

Fidentiis Gestión places all orders electronically, Fidentiis Gestión will place orders with Intermediaries using the telephone, through Bloomberg's chat functions or through Bloomberg EMSX (Execution Management System) that routes order to the Intermediaries.

All orders placed will be recorded for and are available for future verification.

Fidentiis Gestión also uses Morgan Stanley's Matrix platform for the placement of orders, via [www.morganstanley.com](http://www.morganstanley.com).

For fixed income orders, to evaluate best execution, Fidentiis Gestión will consult a minimum of three and a maximum of five Financial Intermediaries. Criteria employed will include price, cost and the opportunity for the order to be executed. The order will be placed with the Intermediary that offers the best bid or offer for the specific trade.

Fidentiis Gestión will route orders through Financial Intermediaries that systematically offer the overall best outcome.

### 6.3 Review of Financial Intermediaries

Fidentiis will continuously monitor Execution Agents and Financial Intermediaries to verify that they still maintain the conditions under which they were selected.

The review process will consider two attributes; firstly, execution efficiency and secondly, financial solvency and reputation.

Fidentiis Gestión will monitor service levels monthly based on the following criteria.

#### SALES

- Market Sensitivity: Intermediaries with a feel for the market and a capacity to transmit this.

#### EXECUTION:

- Monitoring of Orders: Level of care and monitoring afforded by intermediaries to the GROUP's orders and relevant information on volumes and price changes.
- Correct Execution of Orders: Quality of execution outcomes and their correlation with market conditions and prices.

On a yearly basis a ranking of Financial Intermediaries will be produced based on the scoring.

Fidentiis Gestión Compliance Department will annually review financial intermediaries' financial solvency, based on its best professional judgment and analysis of audited financial accounts. Reputational solvency will be continuously monitored through sectorial rankings and publications.

## **7. Information regarding Best Execution**

In the context of information regarding best execution, Fidentiis Gestión has set out the following measures

### 7.1 Communication of the POLICY

The POLICY is available for consultation by customers on Fidentiis Gestión website and at the offices.

On initiating a contractual relationship with Fidentiis Gestión, the customer will be provided with an abbreviated version of the POLICY.

Fidentiis Gestión will inform all customers of the any significant changes to the POLICY. Significant aspects are:

- An explication of the scoring and ranking system used to evaluate executing agents and financial intermediaries.
- A list of the principle Executing Agents, and Financial Intermediaries used by Fidentiis Gestión.
- Best Execution quality of the primary Financial Intermediaries.

These three aspects along with a synopsis of the objectives of the POLICY will constitute the abbreviated version of the Best Execution Policy.

Any significant change to this POLICY must be communicated to customers through a channel that evidences the reception and acceptance of the new POLICY.

## 7.2 Annual Reporting

At least annually, Fidentiis Gestión will report regarding the previous period:

- In terms of volume, the top five financial intermediaries used for each asset class.
- In terms of quality of execution, the top five financial intermediaries used for each asset class.

## 7.3 Customer requests for information

Customers may request from Fidentiis Gestión, any reasonable information with regards to the execution of orders through Financial Intermediaries.

Any request must be dealt with in a timely manner as set out in this POLICY.

## 8. Owner of the Policy

The Board of Fidentiis Gestión is the owner of this POLICY and will approve it on the recommendation of the Compliance Function and in line with applicable laws, rules and regulations. Any modifications must be approved by the Board.

## 9. Internal Audit

Internal Audit, through programmed reviews, is responsible for giving assurance on continued compliance with this POLICY, for reviewing the effectiveness of mechanisms employed for the execution of orders, and assuring that all departments are aware of their responsibilities under the POLICY.

## **10. Review and Publication**

This POLICY will be reviewed annually, and be communicated and permanently available to all Fidentiis Gestión's employees through established channels, as will any changes or update to the POLICY.



