

# Best Execution Policy

Updated as of February 2021

## I. Introduction

Waystone Management Company (Lux) S.A. (hereafter “**Waystone**”, formerly known as MDO Management Company) is a management company (hereafter “**ManCo**”) pursuant to Chapter 15 of the Law dated 17 December 2010 relating to undertakings for collective investments and is also an alternative investment fund manager (hereafter “**AIFM**”) pursuant to Chapter 2 of the Law dated 12 July 2013 relating to AIFMs.

This policy applies to Waystone and to its appointed investment managers, portfolio managers, trading counterparties (e.g. securities brokers) and advisors (the “**Delegates**”) in the context of managing UCITS and alternative investment funds (AIFs) based either in Luxembourg or Ireland (jointly hereafter referred to as collective investment schemes or “**CIS**”), and relates to the execution of decisions to deal and placing orders.

It shall also apply, to the extent necessary and on basis of the proportionality principle, to other Luxembourg-based entities belonging to the same group as Waystone, and apply as the case may be to other entities located elsewhere than Luxembourg, in particular CIS located in such jurisdictions and on behalf of which cross-border management company and alternative investment fund manager activities are performed by Waystone.

Waystone may either delegate or perform directly the portfolio management function of a given UCITS or AIF depending on the targeted asset class(es).

Accordingly, this policy applies to trade orders where Waystone (or its Delegates) either (i) executes itself decisions to deal on behalf of a given CIS or (ii) places orders to deal on behalf of a given CIS with other entities for execution (e.g. intermediaries such as brokerage firms).

## II. Background

The UCITS Directive requires management companies (and their delegates) to act in the best interest of a UCITS they manage (and, accordingly, of their investors) when:

- a) executing decisions to deal on behalf of the UCITS in the context of the management of their portfolios.
- b) placing orders to deal on behalf of the managed UCITS with other entities for execution, in the context of the management of their portfolios.

This best execution requirement is also further reflected in CSSF Regulation 10-4 and in particular section 3 (best execution) of chapter IV (rules of conduct) as from article 28 onwards. Similar references are also included in CSSF Circular 18/698. From a general perspective and based on the principle of fair treatment of investors, management companies must take all reasonable steps to obtain the best possible result for the managed CIS and their investors, taking into account price, costs, speed, likelihood of execution and settlement, order size and nature or any other consideration relevant to order execution. This obligation is known as the duty of “best execution”.

The AIFM Delegation Regulation also requires AIFMs to establish, implement and apply procedures and arrangements which provide for the prompt, fair and expeditious execution of orders.

The purpose of this policy is to promote transparency with respect to order execution and to detail Waystone’s arrangements in relation to order execution, which will be applied to all managed CIS, for the purpose of acting in the best interests of such managed CIS and their investors, and obtaining the best possible result when executing orders.

### **III. Best interest**

In order to act in the best interest of the CIS, the investors of the CIS and the integrity of the market, Waystone and the Delegates aim to ensure that:

- a) neither the CIS, nor its investors are charged undue costs;
- b) all reasonable steps are taken to obtain, or ensure to obtain, the best possible result for the CIS and its investors taking into account the following factors:
  - price,
  - costs,
  - speed of order execution,
  - likelihood of order execution and settlement,
  - order size,
  - nature of financial instruments or assets, or
  - any other consideration relevant to the execution of the order.

### **IV. Relative importance of factors**

The relative importance of such above-mentioned factors shall be determined by reference to the following criteria:

- the objectives, investment policy and risks specific to the CIS, as indicated in the CIS’s management regulations or articles of association, prospectus or offering documents of the CIS;
- the characteristics of the order;
- the characteristics of the financial instruments or other assets that are the subject of that order;
- the characteristics of the execution venues to which that order can be directed.

Waystone considers that financial instruments traded on one or more regulated markets are traded at the best price on a specific regulated market where the liquidity of the instrument in question is the best and/or the likelihood of execution is the highest.

Since Waystone (or, as the case may be, its Delegates) is however not itself connected to any regulated market, it may perform orders through a third party acting as trading counterparty/intermediary (e.g. a

broker) to achieve best execution. In light of this, Waystone shall normally appoint brokers who have access to, according to Waystone's own opinion, the most liquid regulated markets and who have the greatest potential to execute the order. In this respect, Waystone may trade on the market which provides greater dealing opportunities or the better price.

## **V. Order Execution policy**

### **Execution venues**

An execution venue is a regulated market, a multilateral trading facility, a systematic internaliser, a market maker or another liquidity provider or an entity that performs in a non-EEA country a function which is similar to the functions performed by any of the foregoing.

Waystone, or, as the case may be, its Delegate shall determine the ultimate execution venue/entity for CIS order on the basis of the order execution factors as described above.

Waystone, or, as the case may be, its Delegate shall assess which venues are likely to provide the best possible result for the CIS and its investors on an order-by-order basis, and be in a position provide to Waystone (if applicable) and the relevant CIS with a list of approved execution venues upon request.

### **Handling of orders**

Waystone, or, as the case may be, its Delegate shall implement procedures and arrangements to:

- Ensure that orders executed on behalf of CIS are promptly and accurately recorded and allocated;
- ensure orders are executed sequentially unless prevailing market conditions make this impracticable or the interests of the CIS require otherwise
- ensure financial instruments/sums of money received in settlement of the executed orders shall be promptly and correctly delivered to the appropriate account;
- ensure that there will not be a misuse of information relating to pending orders, and take all reasonable steps to prevent the misuse of information.

### **Allocation and aggregation of orders**

Waystone, or, as the case may be, its Delegate shall maintain an order allocation/order aggregation policy identifying, for each class of instrument, the relevant entities with which orders may be placed. Arrangements are only permissible when they are consistent with the obligations detailed in this policy. When delegating portfolio management, Waystone shall obtain a copy of such order allocation/order aggregation policy from Delegates prior to concluding an agreement with such Delegates.

Waystone, or, as the case may be, its Delegate can only carry out an order on behalf of a CIS together with the order of another client or its own orders if:

- it can be reasonably expected that the aggregation of orders will not have a negative impact on, or generate a disadvantage for the CIS;
- an order allocation/order aggregation policy is established and implemented at the level of Waystone or of the Delegate, providing in sufficiently precise terms for the fair allocation of

aggregated orders, including how the volume and price of orders determines allocations as well as the treatment of partially executed orders.

Where Waystone or, as the case may be, a Delegate, aggregates an order on behalf of a CIS with one or more orders on behalf of other CIS or clients and such aggregated order is partially executed, it shall allocate the related trades in accordance with this order allocation / order aggregation policy.

When performing the portfolio management function of a given CIS, Waystone will execute and place orders diligently, efficiently and fairly. Comparable orders will be executed promptly. Waystone may have the possibility to combine a specific order with other similar orders.

Where Waystone or, as the case may be, a Delegate, aggregates transactions for its own account with one or more orders on behalf of CIS or clients, it shall not allocate the related trades in a way that is detrimental to the CIS or a client.

Where Waystone or, as the case may be, a Delegate, aggregates an order on behalf of a CIS or another client with a transaction for its own account and such aggregated order is partially executed, it shall allocate the related trades to the CIS or clients in priority over those trades for its own account.

However, if the Delegate is able to demonstrate to Waystone on reasonable grounds that it would not have been able to carry out the order on such advantageous terms without aggregation, or at all, it may allocate the transaction for its own account proportionally, in accordance with the order allocation/order aggregation policy described in the second bullet point above. Accordingly, Waystone shall be entitled to request and obtain on an ongoing basis relevant information and evidence from the Delegate in such respect.

### **Single execution venues**

Where there is no choice of different execution venues, Waystone or, as the case may be, its Delegate, shall demonstrate that there is effectively no choice. In any case, Waystone shall be entitled to request and obtain on an ongoing basis relevant information and evidence from the Delegate in such respect.

### **Execution of decisions relating to intangible assets and OTC derivative instruments**

Due to the nature of intangible assets and some OTC derivatives, no execution venues may exist.

Review of the policy

A full version of this policy is available upon request. In addition, in respect of CIS for which Waystone acts as portfolio manager, relevant best execution documentation shall, to the extent necessary, be made available upon request to the CIS investors'.