



**Applicable entity/entities:**  
Waystone Management Company (Lux) S.A.

# Policy: Best Execution

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## 1. Scope

This Best Execution Policy (the “**Policy**”) applies to Waystone Management Company (Lux) S.A. (henceforth, “**Waystone**” or the “**Company**”) in the context of managing undertakings for collective investment in transferable securities (“**UCITS**”) and/or alternative investment funds (“**AIFs**”), based either in Luxembourg or Ireland, altogether hereafter referred to as collective investment schemes (“**CIS**” or “**Funds**”), 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 entities belonging to the same group as Waystone, including any branches or representative offices located elsewhere than Luxembourg, and consequently cover relevant local requirements pertaining to CIS located in such jurisdictions and cross-border management company and alternative investment fund manager activities performed by Waystone on behalf of such CIS.

Waystone may either delegate or directly perform the portfolio management function of a given UCITS or AIF depending on the targeted asset class(es). When it delegates the portfolio management function to appointed Investment Managers or Portfolio Managers (together, the “**delegate IMs**”), Waystone performs due diligence on the delegate IMs that encompass the analysis of their best execution policies. In cases of absence or nonconformity with the principles deemed as essential by Waystone and/or the regulatory obligations binding Waystone, the Company will seek to ensure that the delegate IMs adopt this Policy.

Accordingly, this Policy applies to trade orders where Waystone 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).

The financial instruments in scope of this Policy are those specified in Section C of Annex I of the Directive 2014/65/EU. When Waystone, acting as portfolio manager, enters a transaction the target of which is not a financial instrument, this Policy does not apply. However, Waystone remains obliged to act in the best interest of the Funds and its investors.

## 2. Background

The UCITS Directive and, at a Luxembourg regulatory level, article 28 (and subsequent) of CSSF Regulation 10-04, require management companies (and their delegates) to act in the best interest of the UCITS they manage (and, accordingly, of their investors) when:

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

With this goal, management companies must take all reasonable steps to obtain the best possible result for the managed CIS and their investors, considering 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”.

Articles 27 and 28 of the AIFM EU Delegation Regulation 231/2013, as well as the Luxembourg Law of 12 July 2013 on alternative investment fund managers, also require AIFMs (and their Delegates) to establish, implement and apply procedures and arrangements which provide for the prompt, fair and expeditious execution of orders.

The purposes of this Policy are:

- (I) to promote transparency with respect to order execution,
- (II) to ensure the Company's compliance with the aforementioned regulatory requirements, and
- (III) 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.

### **3. Policy**

#### **3.1. Best Interest and Best Execution**

To act in the best interest of the CIS, the investors of the CIS and the integrity of the market, Waystone - and its Delegates – aim to ensure that:

- a) neither the CIS, nor its investors are charged undue costs,
- b) all sufficient steps are taken to obtain, or ensure to obtain, the best possible result for the CIS and its investors (when executing portfolio management decisions for the Funds it manages or when placing orders with third parties for the execution as clarified under point 4 below) considering the following factors:
  - price and availability,
  - costs,
  - speed of order execution,
  - likelihood of order execution and settlement,
  - order size,
  - nature/type of financial instruments or assets, or
  - any other consideration relevant to the order execution.

#### **3.2. Relative Importance of Factors**

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.

Although the price remains a priority factor, the relative importance of the above-mentioned factors may vary depending on 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/type of the financial instruments, and
- the characteristics of the execution venues to which that order can be directed.

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. Considering this, Waystone shall normally appoint brokers who, according to Waystone's assessment, have access to 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.

### **3.3.Order Execution Policy**

#### **a) Execution Venues**

As per Article 15 of the CSSF Regulation 10-04, 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 its Delegate(s), shall determine the ultimate execution venue/entity for CIS order on the basis of the order execution factors as described above.

Waystone, or its Delegate(s), shall assess which venues they believe 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 to provide Waystone (if applicable) and the relevant CIS with a list of approved execution venues upon request.

#### **b) Handing of Orders**

Waystone, or its Delegate(s), shall implement procedures and arrangements to:

- ensure that orders executed on behalf of the CIS are promptly and accurately recorded and allocated.
- ensure orders are executed sequentially, unless the characteristics of the order or the prevailing market conditions make this impracticable, or in case the interests of the CIS require otherwise.
- ensure financial instruments/sums of money received when executed orders are settled 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, also internally, the misuse of such information.

#### **c) Orders Aggregation and Allocation**

Waystone, or its Delegate(s), 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 its Delegate(s), 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 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 of other Funds (*i.e.*, order aggregation). Where Waystone, or 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.

Where Waystone, or 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 can 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.

### **3.4. Single Execution Venues**

Where there is no choice of different execution venues, Waystone (or its Delegate) shall demonstrate that there is effectively no choice. The factors mentioned under point 3 above shall not apply in such circumstances.

In any case, when delegating portfolio management, Waystone shall be entitled to request and obtain, on an ongoing basis, relevant information and evidence from the Delegate in such respect.

### **3.5. 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. The factors mentioned defined under point 3 above shall not apply to such instruments.

## **4. Effective Arrangements**

Waystone may, in certain cases, act as portfolio manager on behalf of the CIS it manages and may accordingly execute directly (or indirectly through an intermediary) any order or decision to deal/trade. In other cases, the execution of any order or decision to deal/trade is performed by the relevant delegated investment manager or its appointed intermediary (e.g., a brokerage firm).

### **4.1. Waystone Acting as Portfolio Manager**

Where Waystone acts as Portfolio Manager, the regulation requires it to:

1. Put in place a policy, to be reviewed annually and whenever there are material changes affecting best execution,
2. Monitor the effectiveness of their best execution arrangements on a regular basis and introduce an incident reporting,
3. Be able to demonstrate that it has have acted in accordance with this Policy,
4. Make appropriate information on its Policy (and changes to it) available to the Fund's investors.

The Portfolio Management Team (with the support of any other relevant Waystone department as the case may be) is responsible for points 2 and 3 above.

Furthermore, where Waystone acts as portfolio manager and places the relevant orders with third parties for execution, Waystone's Investment Committee will supervise at the on-boarding and on a regular basis the execution of the investment decision by:

- requesting the relevant third party to provide its best execution policy and ensuring it is consistent with the requirements of this Policy and the regulatory requirements,
- requesting the relevant third party, as and when deemed necessary, to demonstrate that it has executed the decision on behalf of the respective CIS in accordance with its best execution policy and the regulatory requirements,
- reviewing the data relating to the execution of the orders performed by the relevant third party at a frequency in line with the nature of investments and quantity of orders.

Appendix 2 identifies, in respect of each class of instruments, the entities with which the orders may be placed.

## 4.2. Delegate Acting as Portfolio Manager

As part of its oversight duties, the Portfolio Management Team (with the support of any other relevant Waystone department as the case may be) supervise at the on-boarding phase and on a regular basis the execution of the investment decision by:

- requesting the Delegate to provide its best execution policy and ensuring it is consistent with the requirements of this Policy and the regulatory requirements,
- requesting the Delegate to demonstrate, as and when deemed necessary, that it has executed the investment decision in accordance with its best execution policy,
- reviewing the data relating to the execution of the investment decisions performed by the Delegate at a frequency in line with the nature and quantity of investments, it being understood that Waystone will mostly review information relating to counterparties used and trade settlement aspects (see point 5 below).

## 4.3. Transfer Agent of CIS Managed by Waystone

The Transfer Agent of a CIS managed by Waystone executes the following orders on behalf of the CIS' investors in accordance with the terms of the prospectus or offering document of such CIS, applicable laws and regulations, contractual and operational arrangements and, as the case may be, in accordance with Waystone's instructions:

- Subscriptions, redemptions, and switches in respect of units in the CIS
- FX-conversions relating to subscriptions, redemptions and switches in respect of units in the CIS in another currency than the unit class currency.

Such Transfer Agent, when qualifying as a Delegate of Waystone, shall produce a report at least on a quarterly basis (or, alternatively, and when such Transfer Agent is not a Delegate of Waystone, provide or make such information available upon request) to demonstrate compliance with the terms of the prospectus or offering document, settlement of payments within the defined periods and, with regard to FX-conversions, that it has executed the decision of the investors in compliance with the terms of the prospectus or offering document to obtain the best possible result.

The Transfer Agent should provide Waystone with *ad-hoc* reports to demonstrate compliance with Waystone's and investor's instructions in case of:

- unusual market circumstances, where Waystone instructs the Transfer Agent to take exceptional measures (e.g., limiting the number of redemptions to a certain percentage as disclosed in the prospectus or offering document, change the redemption frequency of a CIS in accordance with the regulations, etc...),
- fund mergers, where investors may opt to remain in the new fund or redeem,
- subscriptions, conversions, or redemptions in kind (including, as the case may be, legally required auditor reports on transactions in kind).

Waystone defines essential items to be included in such ad hoc reports, leaving the overall form of such reports for increasing Transfer Agents' delivery capacity.

## **5. Monitoring of the effectiveness of the arrangements**

The Delegates shall monitor, on a regular basis, the effectiveness of their arrangements to identify and correct any deficiencies.

Waystone will supervise the monitoring through the establishment of a specific Key Performance Indicator (“KPI”) reporting, to be further prepared by the Delegate on a regular basis (monthly or quarterly, at least).

The Delegate will report exceptions in the IMO questionnaire when the latter:

- is unable to execute decisions or place orders in the best interest of the CIS and its investors,
- has dismissed brokers or counterparties due to unsatisfactory execution of orders, or
- any other event which may impact the sound execution of decisions or orders.

Waystone shall review these elements to verify that the Delegates execute decisions and place orders in the best interest of the CIS and take the appropriate actions to remedy to the deficiencies identified.

## **6. Review of the Policy**

This Policy will be reviewed on an ongoing basis and whenever a material change occurs that affects the Company’s ability to continue to obtain the best possible result for the execution and placing of orders on a consistent basis.

## **7. Shareholder / information**

This Policy is made available to Waystone’s counterparties 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. In any other cases, Waystone should privilege the provision of a Policy Statement summarizing this Policy’s content.



**Appendix 1 – Responsibility Matrix**

Requirement	Responsible	Accountable	Support	Consulted	Informed

## **Appendix 2 – List of execution counterparties**

- WMC Lux Retained IM mandates currently only covers illiquid assets, for which the execution is retained by the Investment Advisor.
- WMC Portfolio Management team executes orders for those clients to whom WMC provides portfolio management services.

WMC Lux Share class Hedging:

- For KENSINGTON UCITS SICAV: Monex
- For TREA SICAV (TREA EMERGING MARKETS CREDIT OPPORTUNITIES): Quintet Private Bank

### Appendix 3 – Version Control History

Note that the below table must be completed for all amendments made to this Policy, regardless of whether a Board approval is required.

Version #	Major/ Minor/ Annual Review	Updated By	Revision Date	Approved By	Approval Date	Reason for/Explanation of Changes
1.0	Major	Jean-Michel Bonzom	10/2017	BoD	10/2017	New Policy
2.0	Major	Jean-Michel Bonzom	07/2019	BoD	11/07/2019	General update of regulatory references
3.0	Annual Review	Sinead Murray	12/2021	N/A	N/A	Rebranding-related changes and other editorial updates.
4.0	Annual review/ Minor review	Compliance/ Portfolio Management team	09/2023	BoD	10/2023	Periodical review. Changes introduced to monitoring of arrangements' effectiveness.