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ORDER EXECUTION AND TRANSMISSION STRATEGY OF EURIZON SLJ CAPITAL LIMITED

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1. Introduction

As envisaged by requirements on *best execution* in MiFID (Directive 2014/65/EC), UCITS (Directive 2009/65/EC, as amended), AIFM (Directive 2011/61/EU), relative EU law (level two directives and regulations) and national implementing regulations contained within the Conduct of Business Sourcebook (“COBS”) of the Financial Conduct Authority (“FCA”) Handbook, Eurizon SLJ Capital Limited (the “Firm”) adopts all sufficient measures and effective mechanisms to obtain the best result possible for managed Collective Investment Undertakings (“CIUs”) and for the portfolios of professional and retail customers, when it executes orders for managed assets at selected "Execution Venues"[1]. For the same purpose, the Firm adopts sufficient measures and effective mechanisms to adopt the best result possible also when transmitting orders to third parties (hereinafter "Intermediaries) for their execution.

The Firm has therefore established an order execution and transmission strategy (the “Strategy”), in order to obtain the best result possible (so-called "best execution") for customers for whom it provides a portfolio management service and for managed CIUs[2]. This document describes the most significant aspects of the strategies adopted by the Firm, including the execution factors considered most important and the procedures for selecting Execution Venues and Intermediaries.

In making investment choices on behalf of managed assets, the Firm executes or sends orders using Intermediaries of a high-standing, that meet criteria of confidentiality, reliability and financial soundness, and that can ensure the proper execution of transactions and minimise counterparty risk. To this end, the Firm normally uses several Intermediaries for each type of financial instrument/market in order to avoid an excessive concentration as regards the same counterparty and to reduce the market's identification of investment strategies adopted. The Firm does not aggregate transactions on its own behalf with one or more orders arranged on behalf of CIUs and customers.

The procedures used by the Firm to achieve its aims differ depending on the type of asset/customer and financial instrument.

The Firm transmits orders to Execution Venues and Intermediaries identified for the different classes of assets managed (shares, instruments, bonds, foreign currencies, foreign exchange, listed derivatives, unlisted derivatives, units in CIUs), and their liquidity conditions by the following two different approaches:

- When Placing Orders, the Firm transmits the order to a broker for them to execute in the market; or
- For Direct Execution, the Firm executes an order directly with an execution venue or a counterparty.

Whether the Firm places an order or transmit orders for execution with market counterparties, the Firm is obliged to ensure those entities with whom the Firm places or executes client orders, enables the Firm to satisfy the MiFID II[3] best execution requirements.

[1] Regulated markets, multilateral trading facilities (MTF), organised trading facilities (OTF) and "Intermediaries" that operate as a systematic internaliser, market maker, dealer on own account or other supplier or liquidity or an entity that performs in a third country a function like those performed by any such entities).
[2] With reference to CIUs, national laws refer to provisions in Regulation (EU) No 231/2013.
[3] Markets in Financial Instruments Directive 2014/65/EU and Markets in Financial Instruments Regulation (EU) 600/2014 (“MiFIR”), together “MiFID II.

In exceptional circumstances, for example executing orders from customers for specific financial instruments or on a temporary basis to ensure best execution for the CIUs and customers, orders may be transmitted or executed also at Execution Venues or with Intermediaries not included in this Strategy. Orders may also be executed away from a trading venue if this meets the best interest of managed assets. In these situations, the Firm operates in order to minimise the risks arising from transactions in financial instruments and in currencies related to possible breach by market counterparties. In this regard, the Firm has identified the following main risk areas:

- *counterparty risk (or substitution/pre-settlement risk),* related to the potential risk of substitution of the contract before maturity, due to the counterparty's inability to fulfil the obligation, with potential price/exchange/rate losses that may have changed in the meantime; it represents the risk of loss due to higher costs or loss of earnings incurred by the solvent party, if the counterparty becomes insolvent before the agreed maturity; and
- *settlement risk (or delivery risk),* related to the possibility that the counterparty, after contract maturity, may fail to fulfil its obligation to deliver securities/currency or to pay amounts due, after consideration has been given.

In relation to the above risks, the Firm defines specific maximum exposure limits for each counterparty, if the counterparties are unable to fulfil their obligations. If requested, the Firm will give customers additional information on the consequences related to execution outside a trading venue.

The nature of the investment activities performed by the Firm on behalf of the Client is such that the Firm has discretion over the assets of the Fund. The Firm uses leading independent electronic trading platforms and individual counterparty execution venues to provide integration with foreign exchange market makers or other non-FX assets it trades. The platforms and execution venues provide high speed liquidity to the market for sophisticated order types. Executed trade details are transferred to the appointed Administrator and Prime Brokers via automated and secure electronic trade files. Any trade executions outside of the platforms are entered directly by the Firm into the Administrator and Prime Broker's Platforms.

2. Execution factors

For the purposes of execution, or the transmission of orders concerning financial instruments on behalf of managed assets to Intermediaries, the Firm considers the following factors in order to achieve the best result possible:

- the price of the instrument;
- execution costs;
- the speed and likelihood of execution and settlement;
- the size and nature of the order;
- the possible impact on the dynamics of prices arising from the size of the order in relation to trades;
- the liquidity of financial instruments;
- other characteristics of the order which are significant for its execution and/or transmission.

The Firm gives these factors relative importance, considering:

a) the investment objectives, policy and specific risks of managed assets, as indicated in section II and II of the portfolio management contract and for CIUs in the offering prospectus;

b) the characteristics of the order;
c) the characteristics of financial instruments or of other assets in the order and their liquidity conditions; and
d) the characteristics of the Execution Venues which the order is sent to.

As part of the portfolio management service, the Firm also considers the characteristics of the Investor, including their classification as a retail or professional customer. For retail customers, when selecting Execution Venues, the relative importance of factors is given by the total amount comprising the price of the financial instruments and execution costs; costs include all expenses paid by the customer and directly related to the execution of orders, including the fees of the execution venue, fees for offsetting, as well as settlement and any other fee paid to third parties regarding order execution. However, the Firm may consider it appropriate to give precedence to speed, likelihood of execution and settlement, the size and nature of the order, impact on the market and any other cost inherent in the transaction, when these provide the best result possible in terms of total amounts.

For professional customers, the total amount is considered the main factor in the absence of specific circumstances that result in other factors being more significant for achieving the best result possible.

3. Aggregation

The Firm's Strategy reflects parity where investments are made across more than one account to ensure fair treatment of all clients and to prevent the misuse of order information by any of the Firm's staff or relevant persons. Therefore:

i) If an order is generated on behalf of one client only, it is executed in the normal manner and the entire execution is allocated to this client; or

ii) If an order is made on behalf of multiple clients or funds under management, executions will be aggregated.

However, the Firm must ensure that:

i) It is unlikely that the aggregation of orders and transactions will work overall to the disadvantage of any client whose order is to be aggregated; and

ii) It is disclosed to each client whose order is to be aggregated that the effect of the aggregation may work to its disadvantage in relation to an order.

4. Allocation

The Firm must ensure that orders executed on behalf of clients are done so promptly and accurately recorded and allocated.

When allocating aggregated orders, the Firm must not give unfair precedence to any party involved. All deals must be pre-allocated prior to execution. If deals are not pre-allocated, then the reason must be recorded and notified to the Head of Compliance & AML promptly.

Comparable orders must be carried out sequentially and promptly unless the characteristics of the order and/or prevailing market conditions render this impracticable, or the client's interests require otherwise.

Where the Firm aggregates an order with one or more other client orders and the aggregated order is partially executed, the Firm shall allocate the related trades proportionally in accordance with this Strategy.

Where the Firm aggregates a client order with a transaction for own account and the aggregated order is partially executed, the Firm must allocate the related trades to the client(s) in priority to the Firm. However, if the Firm can demonstrate on reasonable grounds that without the combination the Firm would not have been able to carry out the order on such advantageous terms, or at all, it may allocate the transaction for own account proportionally with other client(s) allocations, in accordance with the Policy.

Allocation Factors

The following serves as a non-exhaustive list of factors that the Firm should consider in respect of each Client when determining the allocation of assets:

i) Return volatility target and any drawdown constraints;

ii) Investment cost both in terms of size, currency mix and intended growth strategy;

iii) Current leverage, target leverage, average life of portfolio, target average life and projected assets-roll-off;

iv) Single-name concentrations; exposure to similar issuers in the same industry sector; and the correlation of exposures to similar credit risks;

v) Geographic concentration of current assets exposures;

vi) Current funding requirement and any likely pressures owing to deals already in the pipeline; and

vii) Individual Client's requirements as set out in any Private Placement Memorandum and/or similar documents.

Having considered these factors and prior to executing any transactions, the Firm will determine the allocation of an order for each Client.

Timely Allocation

Trades will be allocated promptly and expeditiously among the Clients in accordance with the pre-trade allocations.

Fills that have been aggregated must be allocated within one business day of the transaction (T+1).

If an order is executed over more than one business day, then the requirement for timely allocation will apply separately in relation to each business day in which any such transaction is executed.

If fills are not allocated to individual Clients within the time limits stated, the reason for the delay should be fully documented, recorded and notified to the Head of Compliance & AML as an exception.

Re-Allocation

A revised allocation of an aggregated order between clients may be made to correct an error or deal with uneconomical allocations where orders are only partially executed or there is a scale back. The reasons for the rectification must be fully documented within one business day and disclosed to the Head of Compliance & AML or in the Head of Compliance & AML's absence, the CEO **before** the re-allocation takes place. The records must include the reason for the re-allocation and a record of the price of the financial instrument at the time of re-allocation so that best execution requirements can be considered.

As per COBS 11.3.12G, the Firm must ensure that any re-allocation does not result in any detriment to a client, for example by giving unfair precedence to the Firm or to any other person (including Staff, client etc).

Record Keeping

When executing an aggregated order, a record must be made of the identity of the client(s); and the intended basis of allocation should be recorded as soon as possible.

The records of the allocation of an aggregated order must contain:

- Name of client.
- Trading Day/Trading time.
- The total price (product of the unit price and the quantity).
- Whether the trade was buy/sell or the nature of the transaction if other than buy/sell.
- The person responsible/person who executed the trade.
- The amount allocated to each respective fund.
- Identity Code or, if not available the name of the instrument or the characteristics of the contract.
- Unit Price.
- Price notation.
- Quantity.
- Quantity notation (e.g. whether the quantity is the number of units of financial instruments, the nominal value of bonds or the number of derivative contracts).
- Counterparty.
- Venue identification (including the identification code or otherwise 'OTC').

The Firm is required to retain the records for a period of at least five years from the date on which the order is allocated or re-allocated.

5. Procedures for the transmission and execution of orders for managed assets

The information in this section is customised based on the class of financial instrument and management strategy adopted.

The Firm does not receive any remuneration, discount or non-monetary benefit for transmitting orders to an Execution Venue. The commissions applied to orders arranged on behalf of managed assets may differ depending on the execution procedure, class of asset, Execution Venue, as well as the geographic/capitalisation area of the issuer.

The Firm may aggregate transactions carried out on a Client's behalf with those of our other Clients where it is considered advantageous and unlikely that the aggregation will work overall to the disadvantage of a Client, although on some occasions this may occur.

Orders Concerning Shares

Transmission and execution procedures differ depending on the management strategy:

"Program" execution

With this execution strategy, a price is obtained that represents the trading day (for example the average weighted price or the closing price or other prices) in addition to a high likelihood of order execution and minimum relative costs.

This transmission and execution strategy are normally used for orders relative to CIUs with a quantitative management style, for orders relative to retail and institutional customer portfolio management and, more in general, to all cases with a high number of orders. This type of management is in fact characterised by the generation of a high number of connected orders arising from quantitative model signals or from rebalancing carried out to realign managed assets to model portfolios or to change their strategic configuration.

For these orders, the Firm believes that the best interest of managed assets is achieved through an execution that not only attempts to obtain the best price in absolute terms, but also considers as preferable a price which, avoiding market lows or highs, best represents the execution day (of a portion thereof), as indicated above. This execution procedure normally involves sending all orders generated at the same time to the same intermediary in order to minimise the cost and have the certainty that all orders are executed.

For this purpose, the Firm selects the Intermediaries to send orders to, from those with the professional and technological facilities and with access to Execution Venues which can guarantee these execution procedures, preferring intermediaries that, while offering the same quality of service, charge lower trading fees. Aspects considered when assessing Intermediaries include the ability to offer assistance on a continual basis and information to the Firm during execution. These entities will also have execution devices that allow the Firm to meet obligations of applicable laws, when placing orders with these entities and sending them for execution.

"Managed" execution

With this execution strategy, the price factor is particularly significant, even in the case of a higher execution cost and in some circumstances where the likelihood and speed of execution is a determining factor. The strategy is usually adopted for active management approaches, where individual securities to include in portfolios are selected for which the following are significant, depending on the cases:

- the time of execution based on the expectation that the Firm may have of the trend of the price during the trading day;
- the execution of the order at a price considered satisfactory and/or based on volumes traded on regulated markets or on multilateral trading facilities; and
- order execution regardless of market conditions (capital commitment).

These cases often concern orders of a considerable size in relation to market volumes or the managed assets.

For these orders, the Firm believes that the best interest of managed assets is achieved through "managed" execution, that avoids a negative impact on market prices, allows for the execution time to be carefully selected and ensures confidentiality of the origin of the order as well as ongoing contact between the dealer and the Firm. For the orders in question, the Firm may revoke the order or give further instructions to the dealer/intermediary and request a guarantee of execution regardless of market conditions (capital commitment). This execution strategy (also called “high touch”) and the relative flexibility entail greater costs compared to "mere execution".

For this purpose, the Firm sends orders to Intermediaries that can ensure the highest execution quality on a permanent basis, according to the terms indicated above, preferring intermediaries that, while offering the same quality of service, charge lower trading fees. Aspects considered when assessing Intermediaries include the ability to offer access on a continual basis to the primary market and assistance and information to the Firm during execution. These entities will also have execution devices that allow the Firm to meet obligations of applicable laws, when placing orders with these entities and sending them for execution.

This execution strategy is also used with reference to the CIU with a management approach based on quantitative models and on asset management for orders that do not arise from quantitative models or from portfolio rebalancing, but from the discretionary choices of managers or for orders concerning financial instruments, for which the Firm has an expectation of the price trend.

Order Concerning Bonds

Execution procedures will differ depending on the nature of the issuer and liquidity of the financial instrument.

Liquid bonds

In view of the characteristics of the bond market, comprising Intermediaries that usually operate on their own behalf and do not therefore apply the commissions indicated, the Firm believes that the best interest of managed assets is achieved by executing orders at the best price possible which is compatible with the need to execute the entire order (dimension) over a reasonable time frame (likelihood of execution).

To this end, the Firm executes orders according to one of the following procedures:

- directly on regulated markets;
- selecting the intermediary with whom to execute the order, using electronic trading platforms (MTF or OTF); or
- requesting at least three Intermediaries for a quotation for the specific order, establishing a maximum time for the reply and executing the transaction with the intermediary prepared to execute the entire order at the best price, comparing it with quotations indicated on electronic circuits.

The Execution Venues or Intermediaries sent requests for quotations are selected based on their ability to guarantee on a permanent basis execution in best conditions, considering the operating facilities, response times and proposed prices.

For bonds and other non-Foreign Exchange (“FX”) trades, the Firm trades primarily via Bloomberg chat or analogous platforms (such as Wind, Trade Web, Market Axess). In exceptional cases, the Firm can also trade by email or phone (recorded).

Bonds with poor liquidity

Where possible, the Firm tries to adopt the same strategy used for "liquid" securities, but in the absence of several Intermediaries prepared to trade or by making multiple active enquiries in the market might create implicit price risk, the Firm may contact just one counterparty, thus giving priority to the likelihood of execution and obtaining, in order to operate in the best interest of managed assets, a prior determination of the fair value of the traded instrument from dedicated units of the Firm. In such instances, the Firm will rely on other factors when selecting best execution such as expertise, trading insights, value added service (e.g. research) and market knowledge when placing an order in an illiquid bond.

Intermediaries sent requests for quotations or with whom transactions are carried out are selected according to the same criteria used for transactions with liquid securities. The Firm may also contact Intermediaries not included in the above indicated list, if no intermediaries on the list are able to trade a certain financial instrument or proposed conditions deviate significantly from the fair value of the instrument, adjusted to consider the instrument's liquidity characteristics.

Orders Concerning Foreign Currencies

Considering the liquidity characteristics of the foreign currencies market, the Firm believes that the best interest of managed assets is achieved by executing orders at the best price possible considering the likelihood of settlement.

To this end, the Firm executes orders according to one of the following procedures:

- selecting the intermediary for order execution, using electronic trading platforms (MTF or OTF); or
- requesting a quotation for the individual order from an intermediary, checking the proposal received against quotations indicated on electronic circuits.

The Intermediaries sent requests for quotations are selected based on their ability to guarantee on a permanent basis execution in best conditions, considering the operating facilities, response times, proposed prices and reliability of the intermediary.

For FX trades, the Firm primarily trades through electronic aggregator platforms such as FX ALL (spot and forward FX) and Digital Vega (options), or directly with the platforms and execution venues provided by the counterparties above (such as Goldman Sachs' Marquee Trades, Morgan Stanley's Matrix, JP Morgan's Morgan Direct, Citi Velocity, Deutsche Autobahn). Where suitable or necessary, occasionally the Firm also uses Bloomberg chat facility to trade with the counterparties above. In exceptional cases, the Firm can also trade by email or phone (recorded).

Orders Concerning Listed Derivatives

The Firm believes that the best interest of assets is achieved through order transmission which enables the best overall price to be obtained. Depending on market conditions and the type of derivative, the Firm sends orders selecting the time of execution or assigning execution to the intermediary when it considers that order management can produce the best execution result.

For this purpose, the Firm sends orders to Intermediaries of a high standing, selected from intermediaries that can ensure the highest execution quality on a permanent basis, according to the terms indicated above, preferring intermediaries that charge lower execution and settlement fees and that have an administrative structure capable of managing rapid and efficient relations with the Firm during all stages of the transaction and a continual, complete data stream.

Orders Concerning Listed Unlisted Derivatives

Transactions in unlisted derivatives are not standardised and entail a greater related counterparty risk. The Firm believes that the best interest of managed assets is achieved by obtaining the financial derivative with the characteristics indicated by the manager at the best possible conditions, with the need to avoid execution or settlement risks permitting. For this purpose, the Firm selects intermediaries of a high standing for order execution, that guarantee high execution and settlement likelihoods on a permanent basis and have an administrative structure capable of managing rapid and efficient relations with the Firm during all stages of the transaction and a continual, complete data stream.

Orders Concerning Units of CIUs

The order execution/transmission procedures differ depending on whether financial instruments are listed.

Listed CIUs (ETF)

Considering the characteristics of the ETF market, the Firm sends orders for financial derivatives with the aim of minimising the execution cost.

For this purpose, the Firm selects intermediaries to send orders to, based on the lower execution cost, from intermediaries that have access to the highest number of Execution Venues and have technological facilities that promote the exchange of order and executed order streams.

Unlisted open CIUs

For unlisted open CIUs, subscription or redemption orders are executed based on the unit value of the unit calculated by the management company. The Firm consequently sends these orders for execution to the relevant Issuer Company, opting for the use of electronic platforms that give effective and efficient access to a wide range of CIUs and management companies.

Orders Concerning Units of Hedge Funds

For unlisted CIUs, subscription or redemption orders are executed based on the official value of the unit calculated by the relative *Fund House* or *Fund Administrator*. The Firm consequently sends these orders for execution to the relevant *Fund House*, using *intermediaries* that allow for the subscription process to be managed effectively and efficiently.

The use of these Intermediaries does not entail a greater execution cost for managed assets. If it is possible to subscribe to the same fund (or similar funds managed by the same manager), through different *Fund Houses* or different platforms, the Firm will select the *Fund House/*platform for fund subscription based on subscription/management costs, the *capacity* and dimension of the fund, the possibility to access other CIUs on the same platform, any differences in terms of yield, lockup clauses, redemption costs and times and the frequency of the unit value calculation.

Orders Concerning Receivables and Securities Representing Receivables

As regards orders concerning receivables and securities representing receivables, such as secured credit and leveraged loans, transactions are not standardised and entail a greater related counterparty risk. In the case of Alternative Investment Funds ("AIFs") that invest in these types of assets, the Firm believes that the best interest of managed assets is achieved by trading receivables at the best price possible with the need to avoid execution or settlement risks permitting. To this end, considering the characteristics of the reference market, the Firm selects investments (deals) based on a specific selection, approval and control methodology (*due diligence*). In particular, the Firm carries out analyses that combine qualitative and quantitative assessments of the deal, counterparty and connected collateral, with the aim of evaluating all risk factors of the transaction, the creditworthiness of the investment and relative return. In this context, the Firm may be assisted by third-party entities specialised in specific areas of the various stages of analysis comprising the entire trading process (e.g. legal advisors, strategists and accounting experts, auditors, etc.).

At the end of the due diligence process, the Firm starts to broker the deal, also assisted by external legal advisors. For this purpose, the Firm (i) checks legal documents to sign, (ii) coordinates the process with the counterparty, the syndicating bank and acting bank, (iii) signs legal documents (e.g. confirmation of the transaction, pricing letters, transfer certificates, etc.), (iv) arranges for appropriate mechanisms to settle the transaction. To facilitate the brokering stage, the Firm complies with specific document standards in order to standardise and simplify the settlement of transactions.

Orders given by investors in the context of the portfolio management service (Specific Instructions)

Orders given by Clients in the context of a portfolio management contract (Specific Instructions) are executed by the Firm according to procedures established for the corresponding type of financial instrument. Where this is not possible because the type of order, the moment when it was received or the financial instrument in question are not compatible with this strategy or with the Intermediaries or Execution Venues selected, the Firm follows the Specific Instructions of the customer and executes the order according to procedures that enable the best interest of the customer to be attained, which in the case of retail customers is determined in terms of the total payment. In fact, Specific Instructions may prevent the Firm from adopting the measures that it has established and adopts in its execution strategy to obtain the best result possible for order execution as regards aspects of these instructions.

The Firm meets the obligation to serve the best interests of customers and is not required to adopt measures as of this strategy, if it follows the specific instructions of the customer when it places an order with another entity or sends the order for execution.

If the customer provides execution instructions, the Firm follows the instructions received and oversees best execution with reference to factors not included in the instructions.

6. Monitoring and review

The Firm periodically monitors the effectiveness of order execution and transmission measures and strategies adopted and, if necessary, corrects any shortcomings; it also reviews measures and strategies adopted at least annually, and in any case when significant circumstances occur that can have an impact on the ability to obtain the best result possible for customers and for CIUs on a permanent basis. In this regard, the Firm regularly assesses whether venues included in the strategy ensure the best result for the Client or whether adopted measures need to be changed.

The Firm continually analyses the order execution policies adopted by counterparties, to ensure they are consistent with the principles in this Strategy and to assess the level of service actually provided compared to its Strategy, also to take any measures to ensure the best result is still achieved for its customers and CIUs.

The Firm will promptly notify customers of any considerable change to this Strategy, which is also published on its website https://www.eurizonsljcapital.com/.

7. Advertising

This Strategy is made known to customers before signing portfolio management contracts and is published on the Firm's corporate website https://www.eurizonsljcapital.com/.

The Firm summarises and publishes on its own website the first five intermediaries by trading volume it has sent orders to or the Execution Venues where it has placed orders of customers and of managed CIUs for execution in the previous year, divided by class of financial instrument, along with information on the execution quality.

Investors may request additional reasonable, commensurate information on entities to whom orders have been sent or with whom orders have been placed for execution or on policies adopted and relative review.