

## ALPHA INVESTOR SERVICES MANAGEMENT S.A.

### BEST SELECTION AND EXECUTION POLICY

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## INTRODUCTION

The purpose of this document is to present the selection and execution policy adopted by Alpha Investor Services Management S.A. (« AISM S.A. » or the “Company”).

AISM S.A. is a company incorporated under the laws of the Grand-Duchy of Luxembourg with a share capital of 750,000 Euros and whose business activities are supervised by the Commission de Surveillance du Secteur Financier (hereinafter referred to as the “CSSF”), with its registered office at 21, Rue Aldringen, L-1118 Luxembourg, and registered under number B165086 at the Registre de Commerce et des Sociétés, Luxembourg (“RCS Luxembourg”).

AISM S.A. was incorporated on November 29th, 2011, for an unlimited duration.

AISM S.A. is licensed by the CSSF as a management company under the regime set out in Chapter 15 of the Luxembourg Law of December 17th, 2010, on undertakings for collective investment, as amended (hereinafter referred to as the “UCI Law”). Accordingly, the Company is what is commonly known as a ‘UCITS management company’.

In addition, the Company is licensed by the CSSF to provide investment services, primarily the management of portfolios of investments, including those owned by pension funds and institutions for occupational retirement provision, in accordance with mandates given by investors on a discretionary, client-by-client basis pursuant to the provisions of Article 101 (3) (a) of the UCI Law. As any UCITS management company, the Company is authorised to perform all the activities detailed in Annex II of the UCI Law, namely portfolio management, administration, and marketing.

The business model implemented by the Company is such that it delegates all administration activities regarding the two investment funds governed by the laws of Luxembourg of which it is the UCITS management company at the time of issue of this Manual, namely AISM Global Opportunities Fund and KYRON UCITS SICAV (hereinafter referred to as the “Funds”), to a third party, CACEIS Bank, Luxembourg Branch (hereinafter referred to as “CACEIS”). Accordingly, the latter acts as the registrar and transfer agent of the Funds.

## 1. SCOPE

This best execution policy (the “**Policy**”) applies to AISM and its appointed investment managers, portfolio managers, trading counterparties (e.g. securities brokers) and investment advisors (the “**Delegates**”) in the context of managing undertakings for collective investment in transferable securities (“**UCITS**”) and discretionary portfolio mandates, based in Luxembourg, altogether hereafter referred to as collective investment schemes (“**CIS**”), and relates to the execution of decisions to deal and placing orders.

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

Accordingly, this Policy applies to trade orders where AISM (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).

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, 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”.

The purpose of this Policy is to promote transparency with respect to order execution and to detail AISM’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.

## 2. REGULATORY FRAMEWORK

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:

- 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.

This Best selection and execution policy is designed with a view to ensure that AISM is fully compliant with the requirements set out in various pieces of legislation and regulation, as follows:

- (i) UCITS Law of 17 December 2010 relating to undertakings for collective investment
- (ii) CSSF Circular 18/698 of 23 August 2018 regarding authorisation and organisation of Luxembourg investment fund managers
- (iii) CSSF Regulation 10-4, transposing Commission Directive 2010/43/EU of July 1<sup>st</sup>, 2010 implementing Directive 2009/65/EC of the European Parliament and of the Council, as regards organizational requirements, conflicts of interest, conduct of business, risk management and content of the agreement between a Depositary and a Management Company (the “CSSF Regulation N° 10-4”) in particular section 3 (best execution) of chapter IV (rules of conduct) as from article 28 onwards
- (iv) 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
- (v) 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
- (vi) 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
- (vii) 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

### 3. POLICY

#### 3.1. Best interest

In order to act in the best interest of the CIS, the investors of the CIS and the integrity of the market, AISM 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:** the price a financial instrument is traded at
  - **Costs:** all fees and costs related to order execution, including implicit costs such as possible market impact, and explicit costs such as broker fees

- **Speed of order execution:** time it takes to execute a transaction
- **Likelihood of order execution and settlement:** we will be able to complete the transaction and that the transaction will settle
- **Order size:** size of the transaction
- **Nature of financial instruments or assets any other consideration relevant to the execution of the order:** how the particular characteristics of a transaction can affect best execution

### 3.2. 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.

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

### 3.3. Order Execution policy

#### 3.3.1. 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.

AISM 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.

AISM 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 to provide AISM (if applicable) and the relevant CIS with a list of approved execution venues upon request.

### **3.3.2. Handling of orders**

AISM or, as the case may be, its Delegate, 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 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 the misuse of information

### **3.3.3. Allocation and aggregation of orders**

AISM 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, AISM shall obtain a copy of such order allocation/order aggregation policy from Delegates prior to concluding an agreement with such Delegates.

AISM 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 only 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 AISM 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 AISM 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, MDO will execute and place orders diligently, efficiently, and fairly. Comparable orders will be executed promptly. AISM may have the possibility to combine a specific order with other similar orders.

Where AISM 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 AISM 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 can demonstrate to AISM 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, AISM 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, AISM or, as the case may be, its Delegate shall demonstrate that there is effectively no choice.

In any case, when delegating portfolio management, AISM 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 Instruments**

Due to the nature of intangible assets and some OTC derivatives, no execution venues may exist. The factors mentioned above shall not apply to such instruments.

#### **4. EFFECTIVE ARRANGEMENTS**

AISM acts 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. brokerage firm).

##### **4.1. AISM acting as portfolio manager**

Where AISM acts as portfolio manager and has appointed a third party to receive assistance in such process (e.g. investment advisor, broker, etc.) AISM's Investment Committee will supervise 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
- 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
- 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

##### **4.2. Delegate acting as portfolio manager**

The Portfolio Management Team (with the support of any other relevant AISM department as the case may be) will supervise 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
- 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 AISM will mostly review information
- relating to counterparties used and trade settlement aspects

##### **4.3. Transactions in shares or units of CIS not traded through an execution venue**

For transactions in shares or units of CIS not traded through an execution venue, the sole point of execution is the registrar and transfer agent of the relevant CIS. The execution price will be



established as per the prospectus or offering document of the CIS. Orders are to be placed in a timely manner in order to meet the relevant deadline.

## 5. MONITORING OF THE EFFECTIVENESS OF THE ARRANGEMENTS

AISM S.A. has chosen not to execute orders itself but to transmit the orders for execution to selected intermediaries. AISM has therefore defined and implemented a "best selection" policy to select intermediaries whose execution policies in place will ensure the best possible result when executing orders.

Before entering into any relationship with an intermediary, AISM S.A. will ensure that the selected intermediary is professionally competent. Intermediaries are chosen on the basis of a motivated proposal from a Conducting Officers in charge of the asset management function, accompanied by a "due diligence" checklist validated by the Compliance Officer. A general KYC review is carried out by the Compliance Officer as described in the AISM' AML/CTF policy.

Then, the motivated proposal must be submitted to the Chairman and the Directors Committee, who are relevant bodies to decide on the acceptance of the entry into relationship with a new intermediary. No tacit acceptance is tolerated.

Intermediaries shall be selected according to specific criteria and depending on the type of instrument processed:

- Company overall reputation
- General market studies and daily information flow
- Order execution
- Company reactivity with regard to the markets
- Quality and effectiveness of back office's processing

Conducting Officers in charge of the asset management function will assign a scoring to each intermediary for each best selection criteria mentioned above. This score goes from 1 (very insufficient) to 5 (very satisfactory) as well as some comments on overall intermediary quality.

The list of intermediaries is submitted annually to the Board of Directors for periodic review and ratification; the selection policy is based on a semi-annual assessment.

It is strictly forbidden for AISM's authorized traders to send orders to intermediaries not appearing in the list of selected intermediaries.

### 5.1. Intermediaries selection by instrument category

Depending on the type of financial instrument concerned, AISM will retain the following principles in order to meet its obligation of best selection and execution:

- Equity:

AISM's equity management is carried out primarily in the universe of the main OECD countries. AISM considers that the preferred execution venues for orders on equity are regulated markets or MTFs, according to the principle of the most liquid market. However, for reasons related to costs of execution, the place of execution will be determined mainly by the place of deposit of the instruments concerned. AISM authorizes its equity intermediaries to trade outside regulated markets or execution venues (MTF) in order to benefit from extended liquidity, particularly on small and mid-cap stocks.

- Bonds:

Taking into account the specificity of each market, the selection of intermediaries to which the managers are authorized to transmit for the execution of operations on interest rate products is made by type of product (government bonds, private loans, convertible bonds, TCN and swaps). For each product category, the selection of intermediaries takes into account various factors defined by the management company such as the specialization or expertise of the intermediary, its cost effectiveness, its geographical location.

AISM considers that the preferred execution venues for bond orders are the over-the-counter (OTC) markets. AISM however has the right to have bond orders executed on a regulated market or an MTF proving that this does not constitute a disadvantage for the client. The execution of a bond order may be dependent on the number of market participants and width of bid-ask spread.

- UCITS and UCIs:

The preferred execution venues in terms of UCITS and UCIs are the issuers or their respective distribution channels. The speed of execution of orders depends in particular on the calculation of the NAV as provided for in the prospectus.

For ETF (Exchange Traded Funds) type vehicles or similar instruments, AISM transmits orders on regulated markets or MTFs by applying the policy of selecting intermediaries for orders on equity as described above.

- Futures:

The selection of intermediaries mainly takes into account the speed and quality of execution as well as the level of brokerage paid to intermediaries.

- Other financial instruments:

The principle of best selection and execution must be adapted to the characteristics of the financial instrument such as structured products and unlisted financial instruments in general. In any case AISM is committed to fulfil its best execution requirements.

Whatever the instruments processed, the cost and security of settlement / delivery and the quality of back office processing are discriminating criteria.

In the event that the company manages a UCITS dedicated to one or more holders, the management company may have to use a list of intermediaries designated by the holders of the dedicated UCITS.

In order to best meet the expectations of UCITS holders or clients under mandate, AISM retains a margin of flexibility with regard to the application of this policy, in particular to take into account changes in market and environmental conditions.

## 5.2. Monitoring of the relationships

According to due diligence obligations, AISM S.A. ensures that its intermediaries have a Best Selection and Execution Policy in place and that it is well applied. These checks are made at the frequency and in accordance with the Company internal procedures.

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. REVIEW OF THE POLICY

This policy will be reviewed on an annual basis and whenever a material change occurs that affects the management company's ability to continue to obtain the best possible result for the execution and placing of orders on a consistent basis.

## 7. DISCLOSURE

The best execution policy is made available upon request. In addition, in respect of CIS for which aism acts as portfolio manager, relevant best execution documentation shall, to the extent necessary, be made available upon request to the CIS investors.

This Policy is published on the Company's website [www.aism.lu](http://www.aism.lu).