



Best Execution Policy

Version 3
22nd July 2021

Best Execution Policy

Version Log

Version Number	Review/ Approval Date	Approved By	Nature of Amendments
1	10 th October 2018	Board of Directors	N/A – First version
2	23 rd January 2020	Board of Directors	<ul style="list-style-type: none">- Minor changes to reflect general updates;- Review performed as part of annual review of policies.
3	22 nd July 2021	Board of Directors	<ul style="list-style-type: none">- Inclusion of version log;- Review performed as part of annual review of policies.

1 Background

fair-finance Asset Management Limited (C82093; 'FFAM') is licensed by the Malta Financial Services Authority ('MFSA') to provide investment services in accordance with the Investment Services Act (Article 6).

In accordance with the applicable Standard Licence Conditions imposed by the MFSA, FFAM has adopted this Best Execution Policy for the purpose of achieving the best outcome when executing orders as part of its activities.

2 Scope

FFAM shall not be performing reception and transmission of orders as a stand-alone activity, but only executing orders as part of its portfolio management activities for professional (including collective investment schemes) and retail clients, as well as for eligible counterparts.

In general, all transactions are processed via the respective collective investment scheme's custodian bank or via FFAM's brokers. In case of individual portfolio management with eligible counterparties, investment fund shares are handled through the customer's custodian bank and direct investments are handled through FFAM's broker.

3 Best Execution

When executing orders, FFAM will take all reasonable steps to achieve the best outcome. Consideration will be given to factors such as price, overall cost, size of order, speed of execution, likelihood of execution, and any other relevant items. We will use our professional judgement and experience to determine the relative importance of these factors. When receiving and transmitting orders, FFAM will usually place orders at "best" with a broker, who is also guaranteeing best execution. If other than investment fund shares are acquired through a fund (where the best execution price is the relevant day's net asset value), recognised brokers are entrusted with the verification of the fixed (and therefore "best") price, which shall be executed and documented in the course of a post-trade analysis. The entrusted brokers ordering through a fund are also responsible to complying with reporting obligations to supervisory authorities.

It must be additionally stated, that best execution does not always mean to acquire a certain fund/stock at the best price, but sometimes also that a certain fund/stock can be purchased at all.

FFAM shall also refer to the following criteria to ensure best execution:

- (a) the objectives, investment policy, risks and restrictions specific to the fund, as indicated in the fund's rules or articles of association, prospectus or offering documents;
- (b) The objectives, profile and risk parameters of the client in question, as indicated in the relevant mandate or agreement and in accordance with the assessment performed on that individual in terms of FFAM's suitability assessment (vide FFAM's Procedures Manual);
- (c) the characteristics of the client, including categorisation as Retail, Professional or other;
- (d) the characteristics of the order;

- (e) the characteristics of the financial instruments or other assets that are the subject of that order;
- (f) the characteristics of the execution venues to which that order can be directed.

4 Eligible Financial Instruments

Eligible financial instruments comprise transferable securities (e.g. equities & bonds), money market instruments (e.g. certificates of deposit), units in regulated collective investment undertakings, options, futures and other financial derivatives. For clarity, eligible securities do not include direct property, unregulated collective investment schemes, cash accounts, money market deposits and foreign exchange transactions.

Explicit client consent will be obtained before investing in non-eligible instruments. Disclosures in the respective offering document or agreement, such as within the investment policy, shall be deemed as consent for investment in such instruments.

5 Execution Venues

Execution venues are the centres through which securities transactions are ultimately facilitated. For FFAM, these are the major regulated securities exchanges, Market Makers, and the managers of collective investment schemes.

6 Method of Execution

FFAM shall act in the best interests of its clients and investors, and shall adopt the following methods of execution:

- a) Where FFAM is “Executing orders on a client’s behalf” (when performed in connection with FFAM’s portfolio management activity) it will use one or more of the following methods:
 - ☞ Direct with a regulated market.
 - ☞ Direct with a Market Maker.
 - ☞ Via an agency broker.

FFAM shall not carry out a client order, or a UCITS order, or a transaction for own account in aggregation with another client order or with an order of another UCITS unless the following conditions are met:

- a) It must be unlikely that the aggregation of orders and transactions will work overall to the disadvantage of a client or of any UCITS whose order is to be aggregated;
- b) It must be disclosed to each client whose order is to be aggregated that the effect of aggregation may work to its disadvantage in relation to a particular order;
- c) An order allocation policy will be established with the on-boarding of the first individual client and effectively implemented, provided for the fair allocation of aggregated orders and transactions, including how the volume and price of orders determines allocations and the treatment of partial executions.

Where FFAM aggregates an order with one or more orders of other UCITS or other client orders and the aggregated order is partially executed, FFAM will allocate the related trades in accordance with its future order allocation policy.

7 Monitoring

FFAM will monitor compliance with Best Execution Policy and the effectiveness of the arrangements outlined herein.

Where monitoring reveals FFAM has fallen short of obtaining the best possible result, FFAM should consider whether this is because it has failed to follow its execution policy and/or arrangements or because of a deficiency in such policy and/or arrangements and make appropriate amendments. In case of non-achievement of best execution, the customers must be informed and involved in the further decision-making process. FFAM shall ensure that any deficiencies are remedied as soon as possible.

8 Reporting Obligations

FFAM shall notify clients with whom it has an ongoing client relationship, or in the case of a UCITS, the unit holders, of any material changes to its order execution arrangements or order execution policy.

In determining whether a change is material, FFAM should have regard to the nature and scope of any change and the nature and size of FFAM's business. A change is material where its disclosure is necessary to enable the client to make a properly informed decision about whether to continue utilising FFAM's services, mainly in case of a change in ownership or sincere economic difficulties.

9 Use of Client's Information

FFAM will not misuse information relating to pending client or UCITS orders and is taking all reasonable steps to prevent the misuse of such information by any of its relevant persons. In the employment contracts, it is contractually agreed to protect the customer and permanently maintain the confidentiality of all data accessible to them.

Other service providers are either required to maintain secrecy based on their profession or are contractually obliged to do so.

Any use by FFAM of information relating to a pending client order in order to deal on own account in the financial instruments to which the client order relates, or is related financial instruments, should be considered a misuse of that information. However, the mere fact that market makers or bodies authorised to act as counterparties confine themselves to pursuing their legitimate business of buying and selling financial instruments, or that persons authorised to execute orders on behalf of third parties confine themselves to carrying out an order dutifully, should not in itself be deemed to constitute a misuse of information.

10 Electronic Data Processing and Internal Controls

FFAM ensures that those entitled to use FFAM's data processing system can only access data subject to their access rights and that client data cannot be read, copied, altered or removed without authorization during processing, use and after storage. Control and safeguard procedures ensuring before mentioned data integrity is obtained through following measures:

- ☀ Access to personally identifiable, confidential or otherwise sensitive information is restricted to persons who are authorized to access it due to their provision of services. Employees' or service providers' access is restricted to the information they need to complete their respective work task. FFAM uses authorization concepts for this purpose. Any personal, confidential or otherwise sensitive information will be protected in accordance with FFAM's relevant security policies.
- ☀ FFAM's employees are informed about data confidentiality and undertake to comply with this obligation in writing by signing the employment contracts. FFAM's employment contracts of the fair-finance group also contain an explicit reference to this obligation.
- ☀ FFAM prohibits the installation of personal and non-fair-finance approved software using, among others, proven client management software. Employees who use company laptops receive specially created user IDs that do not have administration rights.
- ☀ All productive servers are operated in corresponding data centres/server rooms. The security of applications that process personal, confidential or otherwise sensitive information is reviewed on a regular basis. To this end, FFAM carries out internal and external security checks and penetration tests of the IT systems.
- ☀ Encryption of data transmission from the FFAM's network to other, external networks is guaranteed. External network access to strictly designated profiled network resources occurs only through Virtual Private Networks (VPN) access.

Each transaction involving UCITS may be reconstructed according to its origin, the parties to it, its nature, and the time and place at which it was effected. FFAM shall manage assets of the UCITS under management according to the instruments of incorporation and legal provisions applicable to the UCITS scheme.

11 Regular review

FFAM will regularly review its Best Execution Policy and will notify clients (and in case of UCITS schemes, the investors) of any changes. FFAM will review execution venues not less than annually including consideration of the robustness of the regulatory environment, effectiveness/speed of execution, and the quality and experience of brokers. FFAM will also review its Best Execution Policy should any material change occur which may affect the policy's ability to continue to return the best overall results for clients. FFAM's Best Execution Policy and list of execution venues are available to all clients upon request.

12 Order Documentation

FFAM is using XENTIS, an investment solution tracking each single order with regard to time and content. Same documentation is obtained through connected brokers.

Since FFAM invests almost exclusively in investment funds, transactions are executed through the custodian bank HYPO Vorarlberg AG. A detailed due diligence was conducted at the beginning of the business relationship and is updated once a year.

For equities, we work with Broker Square Global Ltd. that guarantees and reports the best possible execution. The first and ongoing due diligence exercise took place in cooperation with the custodian and the administrator.

In seldom cases, sustainable bonds that have to meet "Hold to Maturity" criteria are offered from different brokers. These partners are audited by the custodian bank.

Attached as Annex 1 is a list of entities with which orders may be placed.

13 FFAM's list of Execution Venues

FFAM's current list of execution venues comprises:

- a) Regulated markets
- b) Eligible Securities markets

This above policy does not relate to client orders for the purchasing or redemption of units of unitised funds managed by FFAM, and these orders are executed as described below.

14 Order execution in respect of FFAM's Collective Investment Schemes

15 FFAM will execute purchases or redemptions on the instructions of the client at the published offer/bid prices at the valuation point on the dealing day. Disclaimer

The above applies to both UCITS and AIFs, as well as to non-core activities such as discretionary / delegated portfolio management services. The above requirements are not mandatory where there is no choice of multiple venues or where a single venue or entity will deliver the best possible result.

FFAM's Best Execution policy does not constitute investment or legal advice. Clients are advised to seek specific advice in relation to any matters that may concern them.

Annexes:

Annex 1: List of Entities with which orders are placed

Annex 1 – List of Entities

with which Orders may be placed

 **MGW – Gesellschaft für Geld und Wertpapiervermittlung mbH**

Raiffeisenallee 16, D-82041 Oberhaching, Germany

+49 (89) 672 08 170

Contact Person: Ms. Nicole Seiler Oliveira

 **Square Global Ltd**

175 Piccadilly/Empire House, London W1J 9EN, England

+ 44 (0) 207 082 1690

Contact Person: Ronny Feiereisen

 **Hypo Vorarlberg**

Hypo-Passage 1, A-6900 Bregenz, Austria

+43 (50) 414 1000

 **HSBC Deutschland**

Taunusanlage 1, 60329 Frankfurt am Main, Germany

+49 (69) 719030