

Policy for best possible results, order executions, etc.

Adopted by:	Board of Directors
Date of adoption:	2020-02-18
Replaces:	2019-06-27
Legal or other basis:	The Swedish UCITS Act (2004:46), FFFS 2013:9
Policy owner:	CEO

1 Background

Movestic Kapitalförvaltning AB, Corp. ID 556760-8780 (hereafter referred to as the “Company”) is a Fund Management Company authorised according to the European Council Directive 2009/65/EC, as implemented in Sweden through the law on undertakings for collective investments in transferable securities (UCITS) (*Lag (2004:46) om värdepappersfonder*). The Company is domiciled at Birger Jarlsgatan 57B, S-103 99 STOCKHOLM, Sweden. It is a wholly owned subsidiary of Movestic Livförsäkring AB (“Movestic Liv”) domiciled in Sweden. The Company serves as Management Company for a number of investment funds under the brand name “Movestic” (hereafter the “Funds”) in Sweden. The Company is under the supervision of the Swedish Financial Supervisory Authority (“Finansinspektionen”).

The purpose of the Company is the management of Sweden and, if applicable, foreign domiciled undertakings for collective investments in transferable securities (UCITS) which are authorised in accordance with the European Council Directive 2009/65/EC. The Company also provides portfolio management services for funds under management by third party management companies.

The management of financial instruments is an activity based on trust, where achieving the best possible returns is necessary to ensure the Company’s future growth and success. In addition, showing prudence in the management of client assets is of utmost importance, and vital to the business operations and business activities of the Company. To the Company, principle of prudence relates to all aspects of the operations and business activities, from well-founded asset management decisions, to monitoring, controls and efficient administrative routines.

A fund management company shall, when carrying out orders for the portfolios under management ensure that the execution is quick, fair and effective. The Company shall strive for and take all reasonable steps to achieve the best possible result for the portfolio.

Against this background, the Board of Directors of the Company (“the Board”) has decided the below guidelines and principles regarding portfolio transactions, best execution and the monitoring and follow up of best execution.

2 Application and scope

The policy applies to all funds for which the Company acts as Management Company. The Company also acts as Investment Manager for other Management Companies, and this policy shall apply to such portfolios, to the extent the Company is responsible for the execution of the financial instruments within its mandate.

The investments governed by this policy that may be acquired for a Fund include all foreign exchange transactions, securities, money market instruments, derivatives, instruments for efficient portfolio management, units of other UCI as well as all other transactions in assets which are permitted under the relevant legal and regulatory framework and the statutory documents of the relevant Fund or Fund Product.

The Company may delegate investment management or other execution service to other service providers, i. e. to external investment managers. In such case the Company remains however fully responsible for the overall investment management function and shall ensure that proper arrangements are in place for obtaining the best possible result for the Funds when orders are executed in financial instruments. With the appointment of an external investment manager, the Company has delegated the entire execution, handling and transmission of orders to such Investment Manager and does therefore not execute, handle or transmit orders itself for such funds.

Prior to any appointment, an external Investment Manager will be required to have its own best execution policy in place. Such best execution policy shall meet the requirements of the home jurisdiction of the Investment Manager, which shall be confirmed to the Company in writing. Furthermore, the external Investment Manager shall be obliged to monitor the effectiveness of his order execution arrangements and execution policy on a regular basis, including a regular assessment on the suitability of the chosen execution venues in order to ensure the best possible result for his clients.

The Company shall contractually enforce each delegate Investment Managers responsibility to monitor best execution on an on-going basis and report any problems to the Company.

3 Best execution

“Best execution” involves not only the evaluation of performance by a broker, but includes trading decisions, placement of orders, allocations and recording of executed orders on behalf of a fund.

The Company only uses brokers in order to place orders for execution, and no counterparties that gives counterparty risk. The brokers that the Company uses are RBC, Flowtraders and SEB.

The Company shall take all reasonable steps to achieve the best possible results for its clients, when it places orders with securities institutions or fund companies within the framework of a discretionary portfolio management agreement. The Company shall ensure that every transaction entered into on behalf of the Funds is executed in the best interest of the relevant Fund and that the different investors are treated fairly. When executing OTC-products, the Company shall check the fairness of the price proposed to the client, by gathering market data used in the estimation of the price of such product and, where possible, by comparing with similar or comparable products. The principles for the Company to adhere to are:

- The Company’s portfolio management shall be based on thorough analyses of underlying funds and the market. Investment decisions for the respective funds shall be made based

on assessments of the market and of how each individual portfolio should be composed to generate the best possible long-term returns for the unitholders, based on market conditions and the investment approach of the fund in question. Both quantitative and qualitative assessments shall be carried out. All decisions that concern fund management shall be properly documented.

- Portfolio transactions shall be documented and be allocated to portfolios effectively, timely and correctly.
- Portfolio transactions which are comparable to one-another shall be carried out directly and in chronological order, with regards to the composition of the portfolios and the market conditions as well as the best interest of the investors in the funds.
- Proceeds which have been received in the funds under management with the purpose of investment on behalf of the fund shall be allocated to the fund without unnecessary delay and in a correct manner.
- The Company shall not misuse information which relate to planned portfolio transactions which are not carried out yet and shall establish routines and measures to prevent that such information can be misused.
- The Company is only allowed to combine transactions from several portfolios into one single order if it can be ensured that there is no disadvantage to any portfolio from the aggregation.
- The Company is not allowed to combine transactions from one or several portfolios with any other type of order, including orders made for own or for the Company's own account.
- Only the contracted compensation shall be received for any work carried out regarding execution of portfolio transactions.
- The Company is not allowed to accept or receive soft commissions or rebates from any third party. Any benefits are passed on in full to the funds managed by the Company, as set out in the management agreements.
- It is understood that monitoring of best execution is facilitated by having several execution venues to compare against. It is not prohibited to use only one execution venue, however, a regular assessment of the market is required in order to determine alternative execution venues. The Company shall strive to have at least two execution venues for each instrument, in order to be able to compare results and route orders differently if the results differ from expectations
- The Company should have in place a process for how to select brokers and execution venues, to ensure that the interests of its clients are safeguarded by selection of the counterparty that will achieve the best possible results for the clients.
- The Company must carry out an overall assessment of the abovementioned factors before placing an order with a broker.

3.1 Trade in fund units not traded on a regulated market “execution of target funds”

The Company’s core operation consists of the management of a number of portfolios with an investment universe consisting mainly of fund units traded on regulated markets (“Exchange Traded Funds”). As a complement, the Company also invests in funds which are not traded on a regulated market, but instead bought and sold through a transfer agent, usually to a deadline only once a day. For such so called “target funds”, there is no best execution analysis to be made. The rates at which purchases and sales are made are not known at the time when the orders are placed, why the unit price is generally not a deciding factor when an underlying fund is selected. Instead, a key factor for decisions to invest in a particular fund, is the fund manager’s analysis of the underlying fund’s ability to provide excess returns. For investments in underlying funds with passive management, the management fee of the underlying fund becomes an important factor in the selection process.

For investments in “Target Funds” the following shall apply:

- When funds are selected, the discretionary agreement with the fund management company for rebates (if such discretionary agreement exists) must be considered. The management fee of the underlying fund must also be taken into account.
- All fund orders shall be made through the fund execution service available at the Depository of the funds under management.
- The transaction cost must also be considered when orders are executed. However, as most investments are of a long-term nature, these costs are usually very low, why this parameter is not a key factor.

3.2 Selection of Counterparts and Brokers

The Company or any investment manager applying this policy undertakes to select only those trading partners (brokers, counterparts, clearing agents) and trading venues whose trading models and execution procedures allow the asset manager to achieve the best possible result for orders submitted to it on behalf of the Fund in question. The following shall apply to selection of brokers and counterparts:

- Broker selection: The Company, executing for its own funds under management or an investment manager, having been entrusted with execution tasks for a fund under management by the Company, is responsible for the appointment of brokers and broker contacts as part of its discretionary investment management mandate. Brokers (used for delivery versus payment transactions) shall however be selected with due care, taking into account reputation risk and regulatory risks. Brokers shall be subject to on-going monitoring and on-going due diligence by the Investment Manager. All appointed brokers shall be kept on an up-to-date broker list.
- Counterparts: Counterparts, as opposed to brokers, are used for other settlement than “delivery versus payment” and are thereby exposing the Fund to counterparty risk. An Investment Manager, by delegation of the Company, cannot appoint Counterparts on its own initiative. Each delegated investment manager is bound to use the Counterparts approved by the Company. Each new request for approval of a Counterpart shall be submitted to the Risk Management function of the Company. When the Company decides

on new counterparts for its own use, it shall be in consultation with the Risk Manager and the Control Functions of the Company.

3.3 Placement of orders

When placing an order, the following principles shall apply for the Company:

- Remuneration: Investment firms used for execution shall not structure or charge their commissions in such a way as to discriminate unfairly between execution venues.
- Separate orders. Orders shall be placed for individual compartments/sub-funds separately. Where this is not possible or may lead to a less favourable result, orders between portfolios can be aggregated. In case of aggregated orders, the execution shall be allocated on a pro rata basis (relative to the original order) among the funds in question. In case a pro rata allocation is not possible, the portfolio manager will take care to allocate the execution fairly and document the reason for the allocation being made.
- No cross allocation. Cross trades between different portfolios is not allowed at any time. Each trade must be given to the market and obtain a market price.
- Separation of duties related to settlement instructions: The Company or any Investment Manager applying this policy shall ensure sufficient separation of duties between the person giving instructions to the market and the person sending settlement instructions to this same market.
- Execution of orders: The Company or any Investment Manager applying this policy shall ensure and monitor that immediate and correct execution is taking place, that order and settlement procedures be established and that trades executed are registered, allocated and recorded promptly and accurately. Orders shall be executed sequentially and promptly unless the characteristics of the order or prevailing market conditions make this impracticable or the interests of the Funds or of the Investors in the Fund require otherwise in order to protect their best interests.

3.4 Allocation of orders

Orders for the portfolios under management shall as far as possible be given for each portfolio individually, unless it can be determined that it is in the best interest of the funds' investors that orders be put together and sent for execution as one order.

In case the Company sends one order for execution, the executed number of shares or units in investment funds shall be allocated to the portfolios for which the order has been made. The following shall apply for the allocation to the individual portfolios:

- For full execution of the order: The executed shares or units shall be distributed proportionally to the average executed price. The treatment of the portfolios shall be equal and fair.
- For partial execution: The executed shares or units shall be distributed proportionally and "pro rata" so that the biggest allotment is given to the portfolio having had the biggest amount of shares or units in the aggregated execution. The number of shares executed shall

be allocated according to the volume weighted average price or average price obtained in the market whichever is the most applicable. The remaining shares to be executed shall be given as one new order at the next available opportunity in the market, always with the best interest of the investors and the equal treatment of the funds under management as guiding principle.

4 Evaluation of best execution results

The best possible outcome for investors is not only determined by the price of the financial instrument, but also through a combination of many factors like the nature, scale and complexity of the business and the nature and range of service and activities undertaken in the course of a mandate. The most relevant factor for an individual transaction depends on the type of transaction itself. According to the directive 2014/65/EU, the evaluation shall at least contain the following elements:

- a) the characteristics of the client including the categorisation of the client as retail or professional;
- (b) the characteristics of the client order, including where the order involves a securities financing transaction (SFT);
- (c) the characteristics of financial instruments that are the subject of that order;
- (d) the characteristics of the execution venues to which that order can be directed and the factors affecting the choice of execution venue.

In addition to the above, the following factors in particular may play a key role in the best execution of trade instructions:

- The price of the asset to be bought or sold in the market
- The own costs and commissions of execution of the order
- The speed of the execution
- The probability of execution or settlement
- The scope and type of the order

These above factors are determined using the following criteria:

- Objectives, investment policy and risks specific to the fund as presented in the prospectus or if applicable in the fund rules or articles of association of the Fund
- The special characteristics related to an order
- Characteristics of the financial instruments that are the subject of the order
- Characteristics of the execution venues to which the order can be directed

In this context, the Company takes the following aspects into account in particular:

- Assets that the Fund is permitted to acquire
- The strategy of the Fund for which an order execution is made
- The objectives and implementation policy of the strategy of the Fund

With respect to the criteria and aspects defined above the Company prioritises the individual factors as follows when making its analysis of best execution:

- The total fee for the transaction (price and costs) of executing the order for the financial instrument

- The probability of execution and settlement
- The speed of execution
- The size and constraints related to the order
- What services are available post trade
- Pricing for requests to close an OTC-position with the OTC-counterparty (in case of OTC execution)

Using its reasonable judgement, the Company or any appointed Investment Manager applying the principles in this policy shall weigh these factors together in accordance with its clients' characteristics and perform an analysis of best execution. Should the Investment Manager come to the conclusion that a trade has not been executed according to the principles outlined in this policy, immediate remedial action shall be taken in the best interest of the investors of the fund, product or mandate under management. Nevertheless, it is possible that in individual cases, one factor will be ranked as more important than another. If, after due consideration of all factors, several intermediaries are still available for selection, the choice will be made using duly exercised discretion on a case by case basis.

5 Information to clients

A list of the securities institutions used by the Company to place orders for execution should be available on the Company's website.

6 Market disruptions, lack of access to technical systems etc.

In certain circumstances, for instance during trade disruptions, when a trading venue cancels transactions, at times of market disruptions, limited access to technical systems or other disturbances, the Company may deem that it is in the best interest of a client to transmit an order in a different way to what is usually used for the financial instrument in question. In such a situation, the Company will take all reasonable steps to achieve the best possible result for the client under the given circumstances.

7 Entry into force and review

This policy has been adopted by the board of directors for Movestic Kapitalförvaltning AB and enters into force immediately upon adoption.

The policy will be adopted annually, even when no amendments have been made to its content. The policy should be reviewed and adjusted as needed over the course of the year, after which it should again be adopted by the board.