

BEST EXECUTION POLICY

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0. PREPARATION, APPROVAL AND VERSION HISTORY.

PREPARATION:	AFI FINREG COMPLIANCE SOLUTIONS, S.L.		
APPROVAL:	Party Responsible	Board of Directors	
	Date 1st Approval		
CURRENT VERSION:	v.1	<u>Brief description</u>	<u>Date of Approval</u>
		Best Execution Policy	
UPDATE HISTORY	<u>Update Date</u>	<u>Update Details/Reason</u>	<u>Date of Approval</u>

1. INTRODUCTION

In accordance with that set forth in Article 79 of *Spanish Royal Decree 217/2017, of 15 February, on the legal regime for investment firms and other entities that provide investment services and partially amending the regulations of Spanish Law 35/2003, of 4 November, on Collective Investment Undertakings, approved by Spanish Royal Decree 1309/2005, of 4 November*, Kersio Global Investment, A.V., S.A. must have an order execution policy that defines the relative importance attributed to the price, to the costs, to the speed and probability in the execution and settlement, the volume, the nature of the transaction and any other element it judges relevant for the execution of the order.

To comply with the aforementioned requirement, this section of the Manual includes the Best Execution Policy of Kersio Global Investment, AV, SA ("Kersio", or "the Entity") the objective of which is to guarantee the proper selection of the financial brokers involved in the transactions arranged for the customer portfolios and CIU managed by the Entity, taking into account the price, costs, speed and probability in the execution and settlement, the volume, the nature of the transaction and other relevant aspects related to the execution.

This Policy is applicable to the Entity, its executives and employees. In particular, the areas of the Entity that are directly involved in making investment and divestment decisions and the subsequent transmittal of the aforementioned orders to the financial brokers to be executed must pay special attention to this Policy.

2. AUTHORISATION AND SELECTION OF FINANCIAL BROKERS.

Given that Kersio is not a member of, nor does it have direct access to, the execution venues in which the financial instruments are traded, it must use the services of a broker to carry out the transactions of the customers managed, including the CIU managed by delegation, the latter being ultimately responsible for its execution in the execution venues selected.

After approval of this Policy, the brokers to which MiFID applies will be asked to treat Kersio as a professional customer and not as an eligible counterparty to ensure that the brokers selected apply the best execution criteria to the orders transmitted by Kersio. Kersio will request that brokers that are not required to comply with MiFID use procedures that are equivalent to this best execution policy and those who do not comply will be rejected.

For the Company to comply with its obligation to act in the best interest of its customers, the following main criteria must be taken into account when selecting the brokers through which the transactions will be executed and the orders transmitted by the Entity:

2.1. QUANTITATIVE CRITERIA:

- a) **Price of the financial instrument:** monetary expression of the value that could be obtained by trading the financial instrument on the possible execution venues.

- b) **Costs:** monetary expression of costs associated with the execution and/or settlement in the potential order execution venues on behalf of the CIU and portfolios managed and that are born directly by them. The transaction and brokerage costs, the expenses of the execution venues, of the clearing and settlement chambers or entities or similar bodies that fulfil these functions, taxes or the fees payable in certain jurisdictions, connection costs, etc. are included.
- c) **Speed:** time necessary for an order on behalf of the CIU or portfolio managed to be executed in a specific execution venue (calculated from reception of the order until confirmation of its execution is received) from those available for the specific financial instrument under standard market circumstances when there is a counterparty for it.
- d) **Probability and efficiency of the execution, clearing and settlement:** in this respect, for equity transactions, the entity that acts as a clearing member with the Central Counterparty Clearing House shall be relevant.

The incidents considered relevant for each asset class shall be taken into account in order to carry out its assessment and for continuity in Kersio's transactions.
- e) **Volume:** dimension of supply and demand for a specific financial instrument in the available execution venues.
- f) **Nature of order:** type of order (order to market, for the best, limited order, etc.).
- g) **Execution, clearing and settlement risk:** credit risk and operating risks associated with the settlement and clearing of the transactions.
- h) **Other relevant elements:** costs not directly associated with the execution:

- a. **Currency exchange fees:** the application and collection from the customer, where applicable, of a fee for the currency exchange carried out in the case of transactions in currencies other than the customer's reference currency (that in which the transaction is going to be settled with the customer) when the same financial instrument may be traded in several of the available execution venues and in different currency.
- b. **Custody fees:** charging the customer, after the execution, clearing and settlement of a different custody fee based on where the financial instruments associated with the transaction are.
- c. **Analysis services:** provided by the financial broker, particularly relevant in the case of equity.

2.2. QUALITATIVE CRITERIA:

- a) **Prestige and solvency.** Only financial brokers of recognised prestige and solvency shall be taken into account, those recently created or that manage an immaterial number of transactions shall be rejected. Generally, financial brokers managed by a well-established team of managers shall be selected.

In general, each financial broker and their team are analysed to select the type of asset in relation to which they stand out (e.g., their level of implementation, entities that are outstanding at managing risk, the level of mechanisation and automation thereof, experience, etc.).

- b) **Existence of an order execution policy.** Only brokers that have informally established an order execution policy that meets all the requirements established by the regulations applicable shall be considered.

- c) **Access to execution venues.** The brokers' access to the markets or execution venues considered relevant at any given time with respect to each instrument. This analysis takes into account:

- that the execution venue is a regulated market, a multilateral trading facility (MTF), a systematic internaliser (in the exclusive case of listed equity) or market creators or liquidity providers that perform a similar function;
- the manner in which the broker accesses them, whether directly (executing the orders directly) or indirectly (using, in certain cases, other brokers) through the establishment of the corresponding execution agreements;
- that the specific financial instruments which require the involvement of the broker in order to execute customer's order is listed in one or various markets.

Therefore, the broker selected must include in their order execution policy the execution venues they consider relevant for each type of financial instrument and justify how they access them and why they believe that one or another is more appropriate.

In relation to the **assessment of execution venues** the following elements have been established:

- **Liquidity:** execution venues that provide significant and sufficient liquidity, measured based on the historical data on number of transactions and average volumes traded daily, are preferred, to ensure that customers' orders are executed at the best prices available at any given time.
- **Clearing and Settlement:** Execution venues that clear and settle the transactions executed through central counterparties recognised for the purposes of the

securities payment and settlement rules or clearing and settlement systems with high credit ratings.

- d) **Clearing and settlement agreements:** the compensator entity with which the broker has agreements to carry out the clearing of the transactions must be a member of the central counterparties or clearing and settlement systems of the execution venues selected. Likewise, the aforementioned entity must have the solvency conditions and technical resources required to perform their functions.
- e) **Practical execution of orders.** The broker selected must be capable of systematically and consistently obtaining, in the relevant execution venues included in their order execution policy, the best results possible for the orders on behalf of the CIU managed or the customers of the Entity, including the selection of the specific execution venue from among the possible venues that enables the indicated results to be obtained.

Of the factors which must be taken into account and which are detailed above, the most important shall be, under normal conditions, price and cost (which determine a total consideration for the customer) and liquidity, given that the execution venue that has the most liquidity shall reasonably be the one that can provide the best prices.

The foregoing, taking into account that each specific transaction may be affected by any of the other factors indicated and their relative importance shall depend on the type of order, the specific financial instrument to which it applies and the characteristics of the execution venue in which it can be executed, cleared and settled.

In general, the **managers shall only arrange transactions through the financial brokers authorised by the Board of Directors and the head of the Investment Department.**

Under exceptional circumstances, different brokers may be used on a one-time basis and for justified reasons provided that, in their opinion, the best results can be obtained for the customers' transactions.

The negotiation of fees and modification of rates is carried out under the supervision of the Investment Department. The rates must be approved by the Investment and Products Committee.

3. SUPERVISION AND CONTROL

The Investment Department is responsible for complying with the best execution policy described in this section of the Manual.

In turn, the Regulatory Compliance Unit shall supervise the Entity's and, specifically, the Investment Department's, compliance with this Policy.

As mentioned earlier, in order to operate with a financial broker, the latter must be on the list of brokers prepared by the Investment Department and authorised by the Board of Directors, included as Appendix I of this Manual.

Kersio's Investment Manager may authorise (e-mail is sufficient) the use of a specific financial broker not included on the list prepared provided that the execution conditions for the asset traded justify their use and it is settled through a delivery versus payment system.

In the case of the CIU managed by delegation, the legal representatives of the latter may indicate the financial brokers with which they wish to operate, therefore, releasing Kersio from this responsibility. Thus, it shall be considered that Kersio complies with its obligations with respect to acting in the customer's best interest and is not obligated to adopt sufficient measures if, on transmitting the order, it follows the specific instructions of the customer (of their legal representatives).

Any dispute with the broker must be communicated to it as quickly as possible to resolve the incident and the Investment Department must prepare an assessment of its actions to maintain its relationship with said broker.

In the second line of defence, the Regulatory Compliance Unit shall take the following actions, within its Annual Work Plan:

- Analysis of the volume of transactions arranged through the various brokers and the fees charged by them.
- Monitoring of the transactions, the fees of which should not exceed those agreed with the broker.
- Supervision of the list of financial brokers approved by the Board of Directors and verification that the transactions were carried out through the brokers selected in each case.
- Review of the transactions that have been carried out with financial brokers not included in the list to verify that the manager has documentary evidence supporting the exception.

In turn, the Internal Audit Unit shall perform the following checks:

- Monitor compliance with the procedure for authorising new financial brokers.
- Monitor the list of authorised financial brokers.
- Monitor that the transactions have been carried out through the authorised financial brokers or the justification in the event of one-off exceptions.
- Monitor the control carried out by the Risk Management Unit in relation to the quality of the execution of the transactions ordered through the financial brokers.

APPENDIX I. LIST OF FINANCIAL INTERMEDIARIES AUTHORISED TO OPERATE.

Below is a list of the brokers which Kersio considers preferential for executing the transactions of the CIU that are initially going to be managed by Kersio:

- Kersio Lux : UBS

- Kersio Capital SICAV: Bankinter