

Best Execution Policy for Discretionary Management Services

European Capital Partners (Luxembourg) S.A. (ECP)

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1.1. Objective and Scope

This Best Execution Policy is designed to meet the requirements of the Luxembourg financial regulator, the Commission de Surveillance du Secteur Financier (CSSF), and applies to the discretionary management services provided by ECP. It outlines the measures to ensure the best execution of transactions, mitigate risks of late trading and market timing, and promote effective oversight of delegated depositary banks.

1.2. Legal and Regulatory Basis

This Policy is established in accordance with the following laws, regulations and guidelines:

- Directive 2014/65/EU (“MiFID II”) and Regulation (EU) 600/2014 (“MiFIR”), as amended by **Directive (EU) 2024/790** and **Regulation (EU) 2024/791**;
- **ESMA Best Execution Guidelines and Final Report of 10 April 2025**;
- ESMA Public Statement of **13 February 2024** confirming discontinuation of RTS 28 public reporting and reinforcement of internal monitoring;
- The **AIFM Law of 12 July 2013**, the **UCITS Directive 2009/65/EC**, and relevant delegated acts;
- CSSF Regulation 10-04 and **CSSF Circular 18/698** on governance and delegation;
- Regulation (EU) 2022/2554 (“**DORA**”) on digital operational resilience, insofar as ICT systems and trading connectivity support order routing or execution.

Public reporting under RTS 28 has been discontinued following ESMA’s Public Statement of 13 February 2024.

Nevertheless, ECP continues to perform robust **internal monitoring, analysis and documentation** of execution quality in accordance with ESMA expectations and MiFID II standards.

2. Principles of Best Execution

When transmitting or placing orders for execution, ECP considers the following execution factors:

- price;
- costs and commissions;
- speed of execution;
- likelihood of execution;
- likelihood of settlement;
- size and nature of the order;
- market impact and characteristics of the financial instrument;
- characteristics of the execution venue or broker.

The relative importance of each factor is determined in accordance with MiFID II article 27, considering the objectives and investment strategy of the client portfolio, prevailing market conditions, and liquidity of the instrument.

ECP manages any potential conflicts of interest arising from order transmission and execution in accordance with its Conflicts of Interest Policy. ECP does not place proprietary trades in competition with client or portfolio trades.

3. Delegation and Oversight of Depositary Banks

ECP operates with a multi-depositary setup. The depositary banks delegated for the execution of discretionary management transactions are subject to the following controls:

1. Selection of Execution Venues:

- ECP determines and shares a list of preferred execution venues for typical transactions placed by discretionary portfolio managers (Current ECP recommended Execution Venues are determined in ANNEX I to this Policy.
- Depositary banks are encouraged to utilize these execution venues to ensure adherence to ECP's best execution standards but can provide ECP with reasonable explanation why certain execution venues are not appropriate for the concerned set up with the Depositary Bank / or if and up to which extend additional execution venues should be considered by the Depositary Bank.
- Deviations from the suggested venues shall be justified, particularly when additional venues are deemed necessary for specific transactions.

2. Monthly Transaction Reviews:

- ECP's discretionary management team will review up to ten (10) transactions per depositary bank each month. The selection of the transactions for review will be conducted by the central team in Luxembourg and specifically by the Compliance team. The use of random selection ensures that the process remains impartial, reducing the risk of bias and ensuring a fair representation of all transactions. The reviewing itself will be conducted by a Discretionary Portfolio Manager based in Luxembourg. Once the transactions have been reviewed, the central team in Luxembourg will prepare detailed reports summarizing the findings, which will be shared regularly with the Conducting Officers. These reports will highlight any patterns, irregularities, or exceptions identified during the

review process, providing valuable insights into potential risks or areas requiring improvement. The Conducting Officers will be responsible for overseeing follow-up actions, including initiating investigations into flagged issues and implementing appropriate corrective measures where necessary. This regular reporting and oversight process ensures continuous monitoring and improvement of the review mechanism. Additionally, the Board of Directors (BOD) will be kept informed through periodic updates, which will include summaries of review findings, identified trends, and any policy enhancements. This continuous feedback loop allows the BOD to remain actively engaged and informed while providing strategic guidance to further refine the policy and its implementation as needed to meet regulatory expectations and uphold best practices.

- The number of reviewed transactions will correlate with the volume of transactions placed through the respective depositary bank.
- Transactions will be assessed for alignment with the bank's best execution policy, ensuring best price, security, and timeliness.

3. Reporting and Escalation:

- The results of these reviews must be documented and reported to the Conducting Officers by the 15th of the month following the review.
- If deficiencies are identified, Conducting Officers will direct the discretionary manager to seek clarification from the relevant depositary bank and take corrective actions where necessary.

Delegation of order execution to depositary banks does not relieve ECP of its regulatory responsibility. ECP remains fully responsible for ensuring that orders are executed in accordance with this Policy and that the selected depositary bank maintains effective arrangements to obtain the best possible result.

4. Prevention of Late Trading and Market Timing

ECP prohibits all forms of late trading and market timing. Discretionary managers must adhere to the following provisions:

1. Late Trading:

- No transactions may be executed after the cutoff time for a given trading day, as specified by the respective fund or market.
- Any situation potentially leading to late trading must be reported immediately to ECP's Compliance department.

2. Market Timing:

- Transactions in securities of smaller companies must be executed with diligence to avoid creating undue market timing effects.
- Discretionary managers must consider splitting large orders over time to minimize impact on the market price of small-cap securities.

3. Monitoring and Reporting:

- All potential incidents of late trading or market timing must be reported to ECP Compliance without delay.

- Compliance will investigate and, where necessary, implement measures to mitigate future occurrences.

5. Additional Considerations for Small-Cap Transactions

- Discretionary managers must exercise heightened diligence when trading securities of smaller companies due to their susceptibility to price manipulation or volatility.
- Large transactions should be split into smaller tranches to prevent artificial price movements and ensure that transactions are executed with care and integrity.

6. Compliance and Record-Keeping

ECP ensures compliance with this policy by:

1. **Ongoing Training:** Discretionary managers and relevant staff will receive periodic training on best execution practices and regulatory requirements.
2. **Audit and Review:**
 - Regular audits of discretionary management transactions will be conducted to ensure compliance with this policy.
 - Documentation related to all reviewed transactions and reports must be maintained for at least five years.
3. ICT incidents affecting order routing, connectivity or trade transmission are assessed under the **Digital Operational Resilience Act (DORA)** framework and escalated in accordance with the ICT Incident Response Policy.
4. Any ICT disruption with potential impact on best execution is documented and forms part of the annual review.

All records related to best execution—monitoring files, reviews, communications, and trade samples—are retained for at least five years, and up to seven years where required under MiFID II and CSSF 18/698.

7. Approval and Review of Policy

This Best Execution Policy is reviewed annually or whenever significant changes in regulatory requirements or operational practices occur. The policy must be approved by ECP's Board of Directors and communicated to all relevant stakeholders.

Effective Date: 15.12.2025

ANNEX I to this Policy.

ECP Recommended Execution Venues:

Execution Venue	Venue Type	Instruments Traded	Rationale for Inclusion
Euronext	Regulated Market (Exchange)	Small-cap Equities, ETFs	Wide European coverage, liquidity for small caps, and transparent pricing.
London Stock Exchange (LSE)	Regulated Market (Exchange)	Small-cap Equities, ETFs, Bonds	Extensive bond trading options, solid liquidity for small and mid-cap stocks.
Deutsche Börse (Xetra)	Regulated Market (Exchange)	ETFs, Small-cap Equities	High liquidity for ETFs, competitive prices, and low transaction costs.
Tradeweb	Multilateral Trading Facility (MTF)	Fixed Income (Government & Corporate Bonds)	Aggregates bond dealers, competitive pricing transparency, wide network access.
MarketAxess	Multilateral Trading Facility (MTF)	Corporate Bonds, Emerging Market Bonds	Strong liquidity for corporate bonds, transparent pricing, especially useful for less liquid fixed income.
EuroTLX	Multilateral Trading Facility (MTF)	Fixed Income (Corporate Bonds)	Known for trading fixed income, especially retail-sized trades, and accessible pricing.

Execution Venue	Venue Type	Instruments Traded	Rationale for Inclusion
Turquoise	Multilateral Trading Facility (MTF)	Small-cap Equities, ETFs	Good liquidity for less liquid equities, “lit” and “dark” pool options minimize impact.
Borsa Italiana	Regulated Market (Exchange)	ETFs, Fixed Income	Strong for European ETFs and bonds, wide reach across European markets.
Liquidnet (Equities)	Alternative Trading System (ATS) (Dark Pool)	Small-cap Equities	Anonymity and low impact for larger trades, helpful in thin markets.
SIX Swiss Exchange	Regulated Market (Exchange)	ETFs, Fixed Income	Good liquidity and pricing transparency for ETFs and certain fixed income instruments.
Clearstream Bond Vision	Over the Counter (OTC)	Fixed Income (Government & Corporate Bonds)	Bond dealer network with deep liquidity, suitable for government and corporate bonds.
Bloomberg Fixed Income Trading (FIT)	Over the Counter (OTC)	Fixed Income	Access to global fixed income dealers, transparency, strong execution quality.
Primary Fund Platforms	Fund Platform	Investment Funds	Used to access UCITS and AIFs, specialized in fund dealing.