BEST EXECUTION POLICY

Version 4: Dec 2025

1. **BEST EXECUTION AND BEST SELECTION OBLIGATIONS**

Objective

1.1 In accordance with the Markets in Financial Instruments Directive[1] (MiFID II) as revised and in force since 3rd January 2018, the Company must act in the best interests of its Clients when executing decisions to deal on behalf of the AIF or the Client in the context of the management of their portfolio and when making a Portfolio Transaction.

1.2 All Capitalized Terms herein will have the meaning defined in the latest version of the Handbook of Policies and Procedures.

Scope

1.3 This purpose of this Policy is to define and describe the procedures used by the Company to ensure best selection and best execution of its Clients in accordance with MiFID II when.

1.4 What is Best Execution?

Best Execution is the requirement applicable to investment firms to take all sufficient steps to obtain the best possible result for the Client on a consistent (but not individual) basis, when either directly executing Orders on behalf of a Client on one or more Execution Venue(s) or transmitting Orders to Intermediaries for execution.

The Policy applies to all portfolio management and reception-and-transmission services provided by ECP under MiFID II, including when orders are placed with third-party brokers on behalf of clients.

Legal references

Pursuant to:

1.5 Primary Legal and Regulatory References

This Best Execution & Best Selection Policy is established in accordance with the applicable EU and Luxembourg regulatory framework governing order execution, portfolio management, delegation and investor protection. The following primary sources apply:

AIFMD Framework

- **Directive 2011/61/EU (AIFMD)** on Alternative Investment Fund Managers.
- **Commission Delegated Regulation (EU) 231/2013** supplementing AIFMD regarding organisational and operating requirements.
- **Luxembourg AIFM Law of 12 July 2013**, as amended.

UCITS Framework

- **Directive 2009/65/EC (UCITS Directive)** on the coordination of laws relating to UCITS.

- **Commission Directive 2010/43/EU**, implementing organisational requirements, conflicts of interest, due diligence and **best execution rules for UCITS management companies**.
- **Luxembourg Law of 17 December 2010 on UCITS**, as amended.
- **CSSF Circulars** applicable to UCITS management companies (including governance, delegation and oversight)

MiFID II / MiFIR Framework

- **Directive 2014/65/EU (MiFID II)** on markets in financial instruments.
- **Regulation (EU) 600/2014 (MiFIR)**, particularly provisions on execution quality and transparency.

CSSF Regulatory Framework

- **CSSF Regulation No. 10-04** on organisational requirements.
- **CSSF Circular 18/698** (governance, delegation and oversight for IFMs).
- **CSSF circulars and supervisory expectations 2023–2025** on best execution, delegation and MiFID controls.
- **Revised Long Form Report framework (CSSF Circular 24/853 and 25/870)** where execution and delegation controls must be evidenced.

1.6 Additional Regulatory Developments

This Policy also integrates all regulatory updates applicable as of **December 2025**, including:

- **Directive (EU) 2024/790** amending MiFID II ("MiFID II Review"), including the revised execution policy requirements under Article 27.
- **Regulation (EU) 2024/791** amending MiFIR ("MiFIR Review"), including consolidated tape framework and transparency rules affecting venue selection and execution oversight.
- **ESMA Final Report of 10 April 2025** and related RTS on order execution policies and annual monitoring criteria.
- **ESMA Public Statement of 13 February 2024** on RTS 28 – discontinuation of public reporting while **internal execution-quality monitoring remains mandatory**.
- **Regulation (EU) 2022/2554 (DORA)** regarding ICT risk and digital operational resilience for systems supporting order routing, transmission and connectivity.

1.7 Supplementary Guidelines and Supervisory Expectations

- ESMA Q&A on MiFID II/MiFIR investor protection topics.
- ESMA Guidelines on outsourcing and conflicts of interest.
- EBA/ESMA joint risk-factor and governance guidelines.
- CSSF thematic reviews on best execution (portfolio management and MiFID top-up).
- Internal policies of ECP, including the Delegation & Outsourcing Policy, Conflicts of Interest Policy and ICT/DORA Framework.

1.8 Hierarchy and Conflicts

Where conflicts arise between internal processes and regulatory requirements, the latter shall prevail.
ECP ensures that updates to this Policy are made promptly following material regulatory changes.

1.9 Review Cycle

This Policy is reviewed **at least annually**, and on an ad-hoc basis following any regulatory development materially affecting:

- MiFID II / MiFIR execution rules
- UCITS execution and due diligence rules
- AIFMD organisational requirements
- CSSF circulars
- ESMA guidelines
- DORA-related ICT requirements

1.10 Public Availability and Client Disclosure

A summary of this Policy is provided to clients, as required by MiFID II and UCITS V investor-protection rules. (See annex I)

Material changes affecting execution arrangements or order-handling practices are communicated to clients in a timely manner.

RTS 28 public reporting has been discontinued; however, in accordance with ESMA's Public Statement of 13 February 2024, ECP maintains robust internal reporting and monitoring arrangements to assess execution quality and to evidence compliance with best execution obligations.

Definitions

1.5 **Portfolio Transaction** means the handling and execution of orers on the portfolio of a Client.

Preliminary remark

1.6 The Company is only providing services to Clients who qualify as Professional Investors.

1.7 If a retail investor asks the Company to manage a mandate, the investor must accept to be categorized as a Professional Investor. The Company therefore applies the professional client standard of best execution

1.8 When orders are executed by intermediaries, the Company has a best selection obligation in respect of the intermediaries to whom it gives order for execution.

1.9 When a Client asks for an intermediary who has not been selected by the Company, the Client must agree on a formal document that the Company is not obliged to comply with the Best Selection and Best Execution obligations.

2. BEST SELECTION

Principles of best selection policy

2.1 The Company's best selection policy is to select on behalf of its clients, intermediaries that have taken all reasonable measures to obtain the best possible result during the execution of orders transmitted to them.

2.2 The Company undertakes regular controls (at least annually and when any significant change in organization or structure) of the efficiency of its selection and execution policy (quality of execution), with a view to rectifying any deficiencies that might be observed.

Process for selecting intermediaries.

2.3 To comply with its objective of Best Selection, the Company has implemented a selection process used for the choice of a new broker.

2.4 The Portfolio Management team arranges a due diligence on potential new brokers and has to obtain their best execution policy and as a basis of selection.

2.5 The Portfolio Management team rates criteria listed below:

2.5.1 Qualitative aspects e.g. total price of the transaction; access to the execution venues (e.g. regulated market, multi-trading facility of OTC counterparty) in order to enable best execution; connectivity such as algorithms and tools used to handle orders, aimed at taking the best available opportunity throughout a range of different trading venues (SOR: Smart Order Routing); Voice order treatments; market technology; direct access to the market; access to market maker prices;

2.5.2 Quantitative aspect: all transactions processed over a selection period are measured and compared to defined benchmarks (IS-TWAP, VWAP ...), which makes it possible to classify the brokers. This evaluation relies on the use of Transaction Cost Analysis (whenever available) in order to assess for each order the timing of completion of the exchanges between the managers, the brokers and the markets, and to evaluate the quality of the executions;

2.5.3 Middle Office Notation: quality of confirmations, quality of the outcome; suspense management

2.6 New brokers cannot be subject to a qualitative and quantitative evaluation, or a notation of their middle office. New brokers are selected based on their reputation, their human and technical resources, their ability to provide the best execution in terms of their "best execution" policy, according to technical and technological criteria.

2.7 Where ECP relies on external transaction cost analysis tools or broker reports, the Portfolio Management Team shall periodically assess the adequacy of such tools and data.

2.8 First line: Portfolio Management performs broker due-diligence and ongoing performance review.

2.9 Second line: Compliance reviews the process at least annually and challenges deficiencies.

3. BEST EXECUTION

3.1 Whenever the Portfolio Management Team buys or sells the Investment on behalf of the Company and for the account of the relevant AIF or Client, the Portfolio Management Team shall take all reasonable steps to obtain the best possible result for the AIFs and Clients by considering:

3.1.1 **Price**: this is the final price of the financial instrument, excluding our own execution fees. Price is generally the most important factor when we are assessing how to obtain the best possible result when executing Client's orders;

3.1.2 **Costs**: they include commissions, costs and fees that are charged for executing the customer's order. If we charge a fixed-rate commission on their transactions, these costs will have a limited impact on the procedures for execution of their order. If the customer has entered into a commercial agreement whereby these costs impact on the fees that we charge them, we will agree with them the best way to factor these costs into our execution strategy;

3.1.3 **Speed**: this is the speed with which we can execute an order. If the customer's instructions state or suggest how quickly we have to execute the order, we follow these instructions unless we see an immediate, significant conflict with the price. When the instruction makes no reference to speed, we execute the order at the speed which, in our view, ensures a balance between creating a market impact and timely handling in order to avoid execution risk.

3.1.4 **Likelihood of execution**: this is the probability that we are able to execute the customer's order, or at least a significant proportion of the order. The importance of this factor increases when access to liquidity for the instrument in question is limited in some way;

3.1.5 **Likelihood of settlement**: we expect the transactions that we execute for our customers to be settled in good time. As a general rule, the likelihood of settlement is not a significant factor in the equity markets. In some situations, however, the likelihood of settlement may be a more significant factor than price;

3.1.6 **Size of order**: this is the size of the order relative to the average volume of trades in a specific financial instrument. The size of the customer's order may be a significant factor if the order exceeds the daily volume of trades in a specific financial instrument, e.g. in the case of combined order trades. Large-volume transactions may have a negative impact on the price of financial instruments when executed directly as one trade in a given execution venue. If a customer submits an order of this type, we will not necessarily consider price and speed as being the most important factors. When submitting a large order, it may be in the customer's interest to build up or unwind a substantial position in a specific financial instrument. In these circumstances, we may consider the likelihood of execution and the likelihood of settlement to be key execution factors

3.1.7 **Nature of order**: in some cases, the nature of the order leads conditions or restrictions as regards its execution. For example, if the customer submits a limit order, we may face restrictions when it comes to its execution, such as the fact that some execution venues do not accept limit orders. In such cases, we will consider the other execution factors to obtain the best result for the customer in the execution venues that accept your limit order;

or

3.1.8 **Any other consideration relevant to the execution of the order**. The same applies where the Portfolio Management Team is making a Portfolio Transaction with another entity for execution. The relative importance of such factors shall be determined by reference to the following criteria:

(a) The objectives, investment policy and risks specific to the AIF or the Client, as indicated in the AIF Documents respectively the Client Mandate;

(b) The characteristics of the Portfolio Transaction;

(c) The characteristics of the investment that are the subject of the Portfolio Transaction; and

(d) The characteristics of the execution venues to which that Portfolio Transaction can be directed.

In line with the MiFID II Review and related regulatory technical Standards (RTS), ECP applies these execution factors in a manner tailored to the class of financial instrument and client category (professional clients)

The relative importance of the above best execution factors shall be determined by reference to the following criteria:

A. The objectives, investment policy and risks specific to the Fund, as indicated in the prospectus or, as the case may be, in the management regulations or instruments of incorporation of the Fund;

B. The characteristics of the order;

C. The characteristics of the financial instruments that are the subject of that order;

D. The characteristics of the execution venues to which that order can be directed.

Best execution and trade allocation policy for AIFs

3.2 The Company has established and implemented the following arrangement for complying with the obligations referred to above:

3.2.1 The Portfolio Management Team on its behalf will execute and make Portfolio Transactions for AIFs sequentially and promptly unless the characteristics of the Portfolio Transaction or prevailing market conditions make this impracticable, or the interests of a relevant AIF require otherwise.

3.2.2 A Portfolio Transaction executed or placed on behalf of an AIF is promptly and accurately recorded and allocated.

3.2.3 Financial Instruments or sums of money, received in settlement of the executed or placed Portfolio Transaction must be promptly and correctly delivered to the account of the appropriate AIF.

3.2.4 The Company will not misuse information relating to pending orders for AIFs or Clients and will take all reasonable steps to prevent the misuse of such information by any of its Members of Staff.

3.2.5 The Company will not aggregate a Portfolio Transaction for an AIF with Portfolio Transaction for another AIF with a Portfolio Transaction for its own account, unless the following conditions are met:

(a) It must be unlikely that the aggregation of Portfolio Transactions will operate overall to the disadvantage of any of the AIFs involved;

(b) A Portfolio Transaction allocation policy will be established and implemented, providing in sufficiently precise terms for the fair allocation of aggregated orders, including how the volume and price of orders determines allocations and the treatment of partial executions.

(c) Where the Company aggregates orders and the aggregated Portfolio Transaction is partially executed, it must allocate the related trades, where possible and meaningful and not determined otherwise, proportionally among the AIFs.

(d) If Portfolio Transactions for the account of several AIFs and, as the case may be, for the own account are aggregated, the Company must not allocate the relevant Portfolio Transactions in a way that is detrimental to such AIF or any Investor.

(e) If aggregated Portfolio Transactions are partially executed, the Company must allocate the related Portfolio Transactions to such AIF in priority over those for own account.

(f) If the Company is able to demonstrate to an AIF 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 own account proportionally.

3.2.6 The Company must at all times be able to demonstrate that it has executed or placed orders on behalf of the AIF in accordance with this Policy.

3.2.7 The Company shall maintain records demonstrating how the execution factors and venue selection led to the best possible result for client orders, including Transaction Cost Analyses (TCA) outputs, broker reports and periodic monitoring files, for at least the statutory record-keeping period.

3.2.8 Whenever there is no choice of different execution venues, the Company must only be able to demonstrate that there is no choice of different execution venues.

3.3. Execution Model Under MiFID II / MiFIR

ECP does not execute client orders directly on trading venues.

In accordance with MiFID II (Directive 2014/65/EU), MiFIR (Regulation (EU) 600/2014) and the MiFID II Review Directive (EU) 2024/790, ECP transmits orders for execution to carefully selected brokers and counterparties.

These entities are responsible for the actual execution on regulated markets, Multi Trading Facilities MTFs like Bloomber or Organised Trading Facilities OTFs or through systematic internalisers, where applicable.

ECP remains responsible for taking all sufficient steps to obtain the best possible result for its clients and the AIFs under management.

3.4. Application to AIFs and Discretionary Mandates

For AIFs managed under the Luxembourg AIFM Law of 12 July 2013 and Delegated Regulation (EU) 231/2013, the best execution requirements apply at the level of the AIFM.

For MiFID II discretionary portfolio management clients, best execution applies under Article 27 of MiFID II and its implementing measures.

The Company applies a uniform governance and monitoring framework consistently across both categories.

3.5. Internal Guidelines and Broker Oversight

The Company ensures that brokers and counterparties used for order execution:

- maintain MiFID-compliant order execution policies;
- provide adequate transparency on their execution arrangements;
- meet ECP's internal standards on costs, speed, likelihood of execution and settlement, and quality of service;
- are subject to ongoing monitoring and periodic due diligence.

3.6. Conflicts of Interest Considerations

The Company ensures that no conflicts of interest compromise the choice of broker, venue or execution strategy.
The selection of counterparties is based exclusively on execution quality criteria.
Any potential conflicts are managed in accordance with the Company`s Conflicts of Interest Policy.

3.7. Periodic and Sample-Based Review

The Company performs, at least annually, a review of:

- the effectiveness of its best execution arrangements;
- the brokers and counterparties used;
- the continued adequacy of its order transmission arrangements;
- the execution quality achieved, supported where relevant by Transaction Cost Analysis (TCA).

This review includes a sample-based analysis of executed orders, focusing on execution price, speed, and overall outcome.

The results are documented in an internal Best Execution Review Report, retained for audit, CSSF supervision and internal governance purposes.

Trading strategy

3.3 The Company usually aggregates all Client orders whenever possible in order to deploy the trading strategy in the most efficient manner. The Company will use the trading techniques that are believed to result in the best overall execution and price efficiency for its Clients.

3.4 These techniques may include, amongst others:

3.4.1 Aggregating orders for Clients who trade through the same executing broker;

3.4.2 Sequencing and pacing orders to obtain execution efficiency and to mitigate the possibility of orders for Clients impacting the market price of the security; and

3.4.3 Use of limit orders to reduce variance in execution price across accounts that trade through different executing brokers.

Escalation process

3.5 Where a breach of this Policy is identified, the Compliance Officer must be informed.

3.6 The Compliance Officer will then assess whether this breach is material and detrimental to the interests of the relevant AIF or Client (a **Material Order Breach**) and decide whether to:

3.6.1 Inform the Board where it considers the breach to be a Material Order Breach; or

3.6.2 Solve the breach without such informing where the breach is, in the Compliance Officer’s opinion, not a Material Order Breach.

Monitoring

3.7 The Compliance Officer shall monitor on a regular basis the effectiveness of its arrangements and policy for the execution of orders with a view to identifying and, where appropriate, correcting any deficiencies.

Delegation

3.8 When the Company does not execute orders itself and delegates this function to the Portfolio Manager of the Fund it shall make sure that the Portfolio Manager:

- • establishes, implements and applies procedures and arrangements which provide for the prompt, fair and expeditious execution of portfolio transactions on behalf of the Fund;
- • ensures that orders executed on behalf of the Fund are promptly and accurately recorded and allocated;
- • executes otherwise comparable Funds orders sequentially and promptly unless the characteristics of the order or prevailing market conditions make this impracticable, or the interests of the Fund require otherwise;
- • ensures that financial instruments or sums of money, received in settlement of the executed orders are promptly and correctly delivered to the account of the appropriate Fund;
- • does not misuse information relating to pending Fund orders, and takes all reasonable steps to prevent the misuse of such information by any of its relevant persons.

The Company remains ultimately responsible for best execution. The Conducting Officer in Charge of Portfilio Mangaement ensures that delegated portfolio managers maintain MiFID-compliant best execution and order-handling procedures.

4. REVIEWING EXECUTION POLICY

4.1 Minimum review period

4.1.1 The execution policy communicated to Clients shall be reviewed at least every year. However, any significant change impacting the ability to obtain the best result possible also requires an early review of the policy.

4.1.2 The following is a non-exhaustive list of the factors that may lead to such early reviews of the policy:

a. when controls undertaken by traders or Compliance indicate sizeable divergences with the policy’s initial objectives;

b. when new elements emerge such as:

(i) new places of execution, which are shown after analysis to be worthy of inclusion on the list of selected places of execution,

(ii) new financial instruments,

(iii) new trading tools.

4.2 Initiative for the review

4.2.1 First-level responsibility for defining execution policy lies with:

a. the portfolio managers

b. Compliance and Risks, which ensures that the policy is reviewed at least once a year.

4.2.2 The execution policy is not necessarily amended after a review. However, any decision not to amend the execution policy post-review needs to be formally recorded. However, if certain elements or observations suggest the execution policy should be amended early, the review is conducted.

4.2.3 DORA -Related ICT incidence also trigger reviews !

4.3 Ad-Hoc Review Triggers

4.3.1 In addition to the regular annual review, the Policy shall be reviewed on an ad-hoc basis whenever a material change occurs that could affect ECP's ability to obtain the best possible result when transmitting or placing orders. Such changes include, but are not limited to:

4.3.2 Regulatory and supervisory developments

4.3.3 Amendments to MiFID II or MiFIR, including the MiFID II Review Directive (EU) 2024/790 and the MiFIR Review Regulation (EU) 2024/791.

4.3.4 New ESMA guidelines, RTS or Q&A on best execution (including the 2025 ESMA guidelines on order execution policies).

4.3.5 CSSF circulars or supervisory expectations materially impacting best execution.

4.3.6 Operational and systems changes

4.3.7 Introduction of a new asset class, trading venue, MTF, OTF or counterparty.

4.3.8 Significant changes to order routing tools, OMS/PMS systems, or connectivity.

4.3.9 A DORA-relevant ICT incident affecting order routing, transmission or the ability to monitor execution quality.

4.3.10 Market developments

4.3.11 A major market disruption or structural change affecting the relative performance of execution venues or brokers.

4.3.12 Significant deterioration of execution quality indicators (including TCA results).

Whenever such triggers occur, the Condcuting officer in charge of Portfilio Mangement initiates an ad-hoc assessment and updates the Policy where required.

5. REPORTING AND CONTROL MECHANISM

5.1.1 First level of control & reporting conducted by the portfolio managers or the Middle Office

The Portfolio Managers or the Middle office produce the following reports:

- TOP 5 venue report (MIFID2 requirement)
- Selection & evaluation of brokers
- Monitoring of volumes by broker

5.1.2 Second level of control on the quality of selection and execution

The compliance officer and the risk manager undertake second-level control on quality of selection and execution based on Portfolio Managers reporting and brokers reporting (TCA).

Annex I : Client-Facing Summary of ECP's Best Execution & Best Selection Policy (Dec 2025)

1. Purpose of the Policy

European Capital Partners (Luxembourg) S.A. ("ECP") acts in the best interests of its clients and the funds it manages when placing, transmitting or monitoring orders.
Under **MiFID II**, **MiFIR**, **AIFMD** and **UCITS V**, ECP must take **all sufficient steps** to obtain the **best possible result** on a consistent basis when executing investment decisions.

This summary explains how we achieve best execution and best selection.

2. How ECP Executes Orders

ECP **does not execute client or fund orders directly** on trading venues.

Orders are **transmitted to approved brokers and counterparties** for execution on:

- regulated markets,
- Multilateral Trading Facilities (MTFs),
- Organised Trading Facilities (OTFs),
- Systematic Internalisers, or
- over-the-counter (OTC) where appropriate.

ECP remains fully responsible for ensuring that the chosen broker or venue delivers the best possible result for clients and the funds.

3. Factors Used to Obtain the Best Result

When placing or transmitting an order, ECP considers the following factors:

1. **Price** (normally the most important factor)
2. **Costs and commissions**
3. **Speed of execution**
4. **Likelihood of execution** (especially relevant for less liquid instruments)
5. **Likelihood of settlement**
6. **Size and type of order**
7. **Nature of the financial instrument and market**

The relative importance of each factor depends on:

- the objectives and investment policy of the Fund or Client mandate,
- market conditions,
- the instrument characteristics, and
- available execution venues.

4. Broker Selection and Ongoing Assessment

ECP only uses brokers and counterparties that:

- maintain MiFID-compliant execution policies,
- demonstrate strong execution capabilities,
- provide access to appropriate venues, tools and liquidity,
- offer reliable settlement and post-trade processing.

ECP performs:

- **initial due diligence** before approving a broker,
- **ongoing monitoring**, including TCA (Transaction Cost Analysis) where available, and
- **annual reviews** of broker quality and execution outcomes.

Conflicts of interest are managed in accordance with ECP's Conflicts of Interest Policy.

5. Aggregation and Allocation of Orders

Where this is in the interest of clients or funds, orders may be **aggregated**.
If aggregated orders are **partially executed**, allocations are made fairly and consistently with ECP's allocation rules.

ECP does not place its own proprietary orders in competition with client or fund orders.

6. Monitoring and Review of the Policy

ECP:

- monitors execution quality on an ongoing basis,
- performs an **annual best-execution review**, and
- conducts **ad-hoc reviews** where regulatory, market or operational changes require it.

Material changes to the Policy or execution arrangements will be communicated to clients in a timely manner.

Please note:
RTS 28 public reporting has been discontinued.
However, in line with **ESMA's 13 February 2024 statement**, ECP continues to conduct **internal monitoring and reporting** on execution quality.

7. More Information

Clients may request the full Best Execution & Best Selection Policy or details about ECP's execution arrangements at any time by contacting their usual ECP representative or sending an email to **compliance@ecp.lu**.