Carne Global Fund Managers (Luxembourg) S.A.

Best Execution Policy

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Policy Owner

Name: **Cord Rodewald**

Function: **Head of Portfolio Management**

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Version table

Version	Author/Reviewer	Description of changes	Date
1		Initial policy	May 2017
2	Andreas Witt / Cord Rodewald	Complete review of the existing Best Execution Policy; (CSSF Circular 18/698)	September 2019

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1 INTRODUCTION

This Best Execution Policy (the "**Policy**") sets forth information relating to how Carne Global Fund Managers (Luxembourg) S.A. ("**Carne**" or the"**Company**") seeks to provide best execution in accordance with the regulatory requirements.
The Policy applies to financial instruments ("**FI**") covered by the European Union Markets in Financial Instruments Directive and respects underlying regulations such as the Luxembourg Law of 2010, the Luxembourg Law of 2013 and the relevant circulars of the Commission de Surveillance du Secteur Financier (all combined defined as the "**Regulation**").

2 SCOPE

FI's in scope of this Policy:

- Equities
- Bonds
- Money Market Instruments
- Exchange Traded Derivatives
- Equity & Fixed Income OTC (Over the Counter) Derivatives
- Forward Foreign Exchange / Non-Deliverable Foreign Exchange (NDF)
- Collective Investment Schemes
- Foreign Exchange (Spot)

2.1 Mandates for which Carne acts as Portfolio Manager

It is currently not envisaged that the Company will take on mandates to act as portfolio manager ("**PM**") for Undertakings Collective Investment in Transferable Securities ("**UCITS**") funds.
Carne only acts for a number of alternative investment funds **("AIF")** as PM (UCITS and AIF are generally defined as "**Fund**"). By definition most AIF's hold illiquid assets which are not traded on a regulated market. However, extensive negotiation of the terms and conditions, as well as a detailed due diligence analysis of a particular investment (e.g. real estate, infrastructure, private equity) takes place, before the AIF will enter into an investment.
When Carne as PM enters into a transaction which is not a FI, this Policy does not apply, still the Company is obliged to act in the best interest of the AIF and its investors. Consequently whenever there is no choice for different execution venues, execution factors described below in more detail, may not apply.
Even though Carne manages multiple portfolios simultaneously, it is highly unlikely that an order allocation or order aggregation is possible or feasible, given the significant differences in the nature of each of Carne's mandates.

However, at all times Carne will ensure - if applicable - that orders executed on behalf of its Funds are fairly allocated to act in the best interest of investors.
Carne would then apply a pro rata approach for equitable allocation, which allocates a trade in proportion of a participating Fund's assets.
All orders should be allocated prior to execution and the process must be properly documented.
In case Carne would manage a number of funds which share similar investment strategies, that would regularly give rise to opportunities to aggregate orders.
Aggregation is a procedure whereby the PM combines the orders of two or more funds into a single order for the purpose of obtaining better prices and lower execution costs. Carne will only choose to aggregate orders for any fund where it is unlikely that the aggregation of orders will work to a Fund's disadvantage.

2.2 Mandates for which Carne has delegated the Portfolio Manager function

For mandates for which Carne as AIF Manager ("**AIFM**") or UCITS Management Company ("**ManCo**") has delegated the PM function to an external manager, the obligations to comply with the Regulation is with the external manager.

Carne will check the external managers best execution procedure as part of its regular oversight duties.

3 REGULATORY REQUIREMENTS

The provisions under the Regulation require the Company to:

1. Take all reasonable steps to obtain the best possible result for the Fund or its investors when:
    a. executing PM decisions for the Fund; or
    b. placing orders with third parties for execution;
2. Put in place a Policy, to be reviewed annually and whenever there are material changes affecting best execution;
3. Introduce a Management Information System on Policy monitoring and incident reporting
4. Monitor the effectiveness of their best execution arrangements on a regular basis;
5. Be able to demonstrate that they have acted in accordance with their Policy; and
6. Make appropriate information on its Policy (and changes to it) available to the Fund's investors.
7. For mandates where the PM function has been delegated to a third party, the Company

needs to review the best execution procedure of their delegates as part of the on-boarding due diligence exercise as well as during ongoing due diligence, to ensure it complies with the regulatory requirements

More generally, the Company must:

- put in place procedures for the prompt, fair and expeditious execution of orders for the Funds, which should ensure that:
    - orders are executed promptly and are accurately recorded and allocated;
    - otherwise comparable orders are executed sequentially and promptly unless this:
        - is impracticable because of the characteristics of the order or prevailing market conditions; or
        - is not in the best interests of the Fund or its investors;
- ensure assets received on settlement of a trade are promptly and correctly delivered to the Fund or registered in its account;
- not misuse information relating to pending Fund orders, e.g. by front-running and must take all reasonable steps to prevent others from doing so;
- only aggregate Fund orders with orders for another Fund or client if:
    - it is reasonably expected that aggregation will not work to the overall disadvantage of any Fund or other client whose order is to be aggregated;
    - the Company has implemented a policy for the fair allocation of aggregated orders (including how the volume and price of orders determine allocation, and how partial executions are treated); and
    - partially executed orders are allocated in accordance with the Company's order allocation policy; and
- only aggregate orders for Fund's or other clients with the Company's own orders if:
    - the resulting trades are not allocated in a way that is detrimental to the Fund or other clients; and
    - partially executed orders are allocated to the Fund or other clients in priority over those for the Company's own account (unless the Company can demonstrate that aggregation was necessary for the transactions to be carried out on such advantageous terms, or at all - in which case, they may be allocated proportionally).

The Regulation specify that execution venues that may be used include:

- Regulated markets;
- Multi-lateral trading facilities ("**MTF**");
- Systematic internalisers (i.e., a firm which, on an organized, frequent and systematic basis, deals on own account by executing client orders outside a regulated market or an MTF);
- Market makers or other liquidity providers (which includes non-european economic entities that perform a similar function to the other execution venues listed above);

and

- By matching orders internally through a crossing network or through a third party crossing network.

4 PRINCIPLES OF BEST EXECUTION

"Best execution" is a determination of facts and circumstances that firms take all sufficient steps to obtain the best possible result in the execution of an order for a client that depends, among other things, on the nature of the transaction, the price and availability of the investment instrument, the speed of execution, the size of the order, the terms of the order, the market in which the transaction is effected, and the extent to which it is possible to select from among multiple broker-dealers capable of effecting the transaction.

4.1 Execution venues

The Company shall ensure the best possible order execution for its Fund's by selecting what it believes is the most suitable means of execution, taking into account the execution factors and criteria set out below:

- Orders for equities, exchange traded fund's ("**ETF**") or derivatives would be generally executed via trading intermediaries on regulated markets, exchange-like trading systems or via systematic internalisers
- Orders for mutual funds would generally be executed at the published net asset value of the fund ("**NAV**")
- Non-exchange traded derivatives ("**OTC derivatives**") would be principally traded on a bilateral basis with the respective broker subject to a standard contractual agreements
- Orders for bonds would be generally placed on over-the-counter markets ("**OTC Market**"). Quoted prices on these markets are not generally made available by the counterparties as the OTC Market is characterised by proprietary trading transactions and as such the markets are decentralised, fragmented and opaque (due to low pre-trade transparency). Prices are negotiated on a bilateral basis with the counterparties. These counterparties often have proprietary holdings in these instruments, for which they quote prices. Unlike on the equity markets, the choice of counterparties for bonds is often limited. In many cases, as the products are only offered by a limited number of counterparties, there is not much transparency in terms of liquidity or price. In volatile non-transparent markets, it may be necessary to accept the first price offered without the opportunity to obtain or request other prices. Moreover, there may be bonds offered exclusively through one counterparty,

or for which settlement of an order of a certain size can only be guaranteed by one counterparty, in which cases it is not possible to obtain a comparative offer.

- Wherever orders are executed for equity, derivatives or bonds via trading intermediaries, the Company shall consider whether appropriate best execution frameworks at the intermediaries are in place.

4.2 Execution Process

Transactions are executed through counterparties that are selected in line with objective criteria. Execution is undertaken on the basis of agreed processes and it is assessed in line with these criteria.

Due to the nature of the business of the Company, there are no internal counterparties or brokers within the Carne Group.

4.3 Execution Factors and Criteria

In order to comply with the principles and the regulatory provisions, the following execution factors are assessed by the Company when seeking to achieve best execution:

- price
- transaction costs
- speed and type of execution
- likelihood of execution
- size of the order
- time of the order
- type of financial instrument
- any other consideration that is key to order execution.

Although the price is usually a key factor, the value of a particular transaction can be influenced by the other execution factors and therefore the relative importance of the factors listed above may vary depending on the following execution criteria:

- type of order
- type of financial instrument
- type of place of execution.

5 EXCEPTIONS TO BEST EXECUTION PRINCIPLES

Due to system failures or extraordinary market conditions it may be necessary to execute an order in a manner deviating from the Principles set out above. Nevertheless, even in such cases the Company shall aim to achieve the best possible result for the funds.

6 REVIEW PROCESS

The Policy is reviewed on an annual basis and more frequently as required to reflect business and market developments