

Best selection and Execution Policy	Référence : V.5 Version: 1.4
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Responsability	
Responsible of the policy	Head of Management
Departments	Fund Managers ; Opérations
Officer	Fund Managers

Objectives of the Policy
<p>This procedure describes how the selection policy and the execution policy are established and the measures taken to achieve the best possible result when LONVIA CAPITAL carries out its asset management activity.</p> <p>It also defines the measures implemented to supervise the effectiveness of its arrangements for order execution and the policy for this, in order to detect any shortcomings and to remedy them as appropriate. This Policy is update at least once a year.</p>

List of tools/applications used
Tool(s)
Application(s)

List of states used	Archivage (Yes/no)	Archive location

Management of procedure updates				
Version	Date	Statut	Author of the changes	Nature of the changes
1.0	26/09/2020	Creation	AGAMA Conseil	Creation
1.1	24/09/2020	Completed	J-B BARENTON	Validation
1.2	21/06/2023	In progress	Dorian TERRAL	Précisions apportées en Partie 8 : Financement de la recherche
1.3	11/12/2023	Completed	Pascale BRADBURY	Execution matrix periodicity, research received/used by SGP, payment for research, mechanism for assessing the quality of research
1.4	31/05/2024	Completed	Pascale BRADBURY	Information regarding the procedures for selecting and contracting with search service providers and for compiling files; Informing customers of any revisions during the year that result in an increase in customer charges.

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1. CONTEXT

LONVIA CAPITAL is an institution authorised by the Autorité des Marchés Financiers (AMF) as an asset management company which may handle certain financial instruments referred to in section C "Financial Instruments" of Appendix I of Directive 2014/65/EU.

The Markets in Financial Instruments Directive (Directive 2014/65/EU, known as "MiFID 2") and the MiFIR Regulation are intended to revise the "MiFID 1" Directive and represent a major step forward to take account of developments on financial markets, guided mainly by the improvement of security, transparency and the functioning of financial markets and the strengthening of investor protection.

The requirement for best execution of orders under MiFID 1 is an essential part of this, and is designed to promote both overall market efficiency and the best possible result at the individual level when the Investment Service Provider (ISP) acts on behalf of its clients.

MiFID 2 reinforces the obligations to obtain the best possible result when executing an order, requiring authorised ISPs to provide enhanced resources. It also provides for greater transparency by publishing information about the five main intermediaries used and the quality of execution obtained.

The best selection and execution policy must be adapted to the company's business and periodically reviewed and approved by management, who must ensure that it is effective.

These regular updates must take into account new risk factors linked to changes in the scope of the company's activities, markets, the types of instruments used and compliance with new regulations.

2. CATÉGORISATION MIF

LONVIA CAPITAL has opted for the status of "professional client" relative to its execution ISPs in order to benefit from an adequate level of protection, particularly with regard to the quality of execution of its orders.

3. SELECTION PROCESS FOR INTERMEDIARIES

A. Objectives & selection procedure

Due to its status as an asset management company, LONVIA CAPITAL does not have access to the financial markets.

In order to achieve the objective of best possible execution and because of its status as an asset management company, LONVIA CAPITAL has chosen to use AMUNDI INTERMEDIATION for the transmission and execution of its orders, an institution authorised by the Autorité de Contrôle Prudentiel et de Résolution (ACPR) as an investment firm to provide Order Reception and Transmission (RTO) and order execution services on behalf of third parties in respect of all the financial instruments referred to in Section C "Financial Instruments" of Appendix I of Directive 2014/65/EU.

AMUNDI INTERMEDIATION, as an ISP providing RTO services and order execution services on behalf of third parties, has its own selection and execution policy.

Selection committee for intermediaries authorised by LONVIA CAPITAL

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AMUNDI INTERMEDIATION identifies the best performing intermediaries/counterparties for each class of financial instruments according to the criteria and methodologies described in its execution selection policy.

4. ORDER EXECUTION TERMS AND CONDITIONS

A. Scope of financial instruments covered

The execution matrix by class of financial instruments (see Appendix 3) details the instruments covered by this policy.

B. Scope of selected execution venues

LONVIA CAPITAL has chosen to use AMUNDI INTERMEDIATION for RTO services and the execution of its orders. Thus, via AMUNDI INTERMEDIATION's selection and execution policy (see 2.1), it has access to any listing venue likely to provide best execution of orders.

Orders will be routed on the basis of the best execution conditions offered, i.e. to Regulated Markets (RM), Swaps Execution Facilities, Multilateral Trading Facilities (MTF), Organised Trading Systems (OTS), Systematic Internalisers (IS) or any service provider likely to provide the best possible conditions on a bilateral basis (OTC).

The types of execution venues per class of Financial Instruments as well as the strategy applied by AMUNDI INTERMEDIATION in order to obtain the best possible execution are described in Appendix 3. Every year, AMUNDI INTERMEDIATION publishes its "Top 5 Venue Annual Report" on its website.

C. Method of transmitting orders to AMUNDI INTERMEDIATION

AMUNDI INTERMEDIATION receives orders from the fund managers of the asset management company. Orders are transmitted via the Order Management System and, exceptionally, by telephone and then entered by the traders.

In the event of a malfunction in its own system, AMUNDI INTERMEDIATION will notify LONVIA CAPITAL of the system's shutdown and of the alternative means in accordance with the Business Continuity Plan in force.

D. Criteria for execution

All measures are taken to ensure that the execution of orders is in the best interests of LONVIA CAPITAL and promotes the integrity of the market by taking into account criteria such as price, liquidity, speed, cost, etc... according to their relative importance according to the different types of orders transmitted.

The execution matrix by class of financial instruments (see Appendix 3) details the factors and execution criteria used for each of its asset classes.

If AMUNDI INTERMEDIATION receives orders from its clients with the same direction, the same method, the same value, AMUNDI INTERMEDIATION will not group them together.

Partial executions and aggregation

To date, LONVIA CAPITAL does not transmit bundled orders.

5. SUPERVISION, CONTROL AND REVIEW

A. Reports and statements

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The execution report is integrated into the internal order transmission system after automatic verification by the latter of the transaction confirmation issued by AMUNDI INTERMEDIATION.

Justification of best execution

LONVIA CAPITAL has permanent access to all information relating to the execution of orders traded by AMUNDI INTERMEDIATION, enabling it to check, if necessary, the adequacy of the service provided by AMUNDI INTERMEDIATION and its compliance with the execution policy.

On the basis of this report and the information provided, LONVIA CAPITAL is in a position to implement the controls it deems necessary.

B. Conservation of data

In accordance with prevailing regulations, LONVIA CAPITAL keeps evidence of the application of the execution policy for each of its orders for a period of five years and will be able to provide this evidence on request.

6. EVALUATION AND CONTROL SYSTEM

A. Evaluation system

At least once a year, LONVIA CAPITAL holds an Execution Intermediaries Committee that evaluates the executing ISPs. The Execution Intermediaries Committee meets in order to:

- Officially onboard new ISPs/counterparties;
- Analyse the results of execution quality evaluations over the period.

The Execution Intermediaries Committee is necessarily made up of at least one top manager and the financial managers. A report is drawn up and archived.

The number of criteria remains limited in order to promote a consistent result and will be adapted for each class of financial instruments:

- Brokerage levels, prices obtained and total cost,
- Liquidity
- Quality of execution,
- OMS quality (robustness, flexibility, latency, etc),
- Post-trade data (quality of order execution information).

B. Review of the best execution policy

The *Execution Intermediaries Committee* is also in charge of reviewing the management company's Best Selection Policy. The Committee reviews the policy and decides whether the previous policy should be renewed or amended.

In the event of a change, the updated version will be directly accessible on the internet and shall be deemed to be a notification by LONVIA CAPITAL to its unit-holders.

C. Control system

- **First level controls**

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The first-level control system is implemented by the financial managers and the outsourced Middle Office. The latter ensure the quality of the execution over time.

If an anomaly or a clear deterioration in the quality of the service provided is identified, the manager warns top management by e-mail.

- **Second level controls**

The permanent control plan, implemented annually, includes controls dedicated to the implementation of the Best Selection Policy and compliance with this procedure. In particular, the following controls are carried out:

- - The completeness and updating of ISP files;
- - The frequency of the committees, the consistency and conformity of its decisions;
- - Consistency of the evaluation of the ISP in relation to the flow achieved/budget allocated.

These controls are formalised annually in a dedicated control sheet.

7. REPORTS ON INTERMEDIATION FEES

In accordance with applicable regulations, when the asset management company uses investment decision support and order execution services and the intermediation fees (order execution) for the previous financial year amounted to more than €500,000, LONVIA CAPITAL must draw up a "report on intermediation fees".

This document specifies the conditions under which LONVIA CAPITAL used order execution and investment decision support services for the previous financial year.

It also reports on the measures implemented to prevent or deal with possible conflicts of interest in the choice of service providers.

Where appropriate, this document will be made available on the LONVIA CAPITAL website.

In addition, the management report of each managed UCI then expressly refers to this document.

8. FINANCING OF RESEARCH

Meeting with company management, who define and execute industrial strategies, is the keystone of the analysis work and a prerequisite for the final validation of an economic model in the management team's analysis process.

The management team also relies on external research sources to deepen its knowledge of a market and an industrial strategy.

A. Financing external research

a) Definition of Research

The characterisation of "research" is the responsibility of LONVIA Capital. Accordingly, it is its responsibility to conduct its own analysis of any document or service in order to assess and justify whether or not they constitute research within the meaning of the following:

- Directive 2014/65/EU of the Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU ("MiFID II");
 - o supplementing Directive 2014/65/EU ("Delegated Directive") ;

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- ESMA Q&A on investor protection issues under MiFID II and MiFIR;- Monetary and Financial Code ("COMOFI") as drafted following the entry into force of Ordinance no. 2016-827 of 23 June 2016 on markets in financial instruments;
- General Regulation of the AMF ("RGAMF") in its wording following the transposition of the provisions of Commission Delegated Directive (EU) 2017/593 of 7 April 2016 supplementing MiFID II ;
- AMF - Guide to research funding by ISPs under MiFID 2.

Research received/used by SGP Among the documents and services received, LONVIA CAPITAL qualified the following as research:

- telephone interviews with analysts
- Analysis notes
- Meetings with analysts;
- Meetings with issuer management
- Meetings with business experts.

b) Payment of Research

How it works

LONVIA Capital distinguishes between execution services and research services. Research services are remunerated via a deduction made by the intermediary when orders are executed according to the instructions of the management company.

The management company has set up a collection mechanism at brokerage level, which constitutes an envelope that is redistributed to the research service providers selected by the management team.

Collection is carried out by the execution brokers when orders are placed, on the basis of a percentage of the order defined by the management company and communicated to the broker in advance. For each order, the amount collected by the execution broker as payment for research is then transferred by the execution broker to a segregated account held by LONVIA Capital.

LONVIA Capital may change the percentage deducted from orders at any time in order to maintain consistency between the perceived value of research services and the costs incurred for fund unitholders.

At the beginning of each financial year, the management team defines a target envelope that will be distributed to research providers. The constitution of this envelope is monitored monthly by the management team. Any significant deviation will result in an adjustment to the percentage deducted from each order to bring it closer to the amount initially forecast. The amount of the envelope may be reassessed during the year at a research provider selection committee meeting held by the management team.

The committee selects the research providers, and the files are compiled by collecting the following documents:

- Articles of association/ articles of incorporation
- KBIS
- ID of directors and beneficial owners
- AML letter
- Authorised signatories
- wolfsberg questionnaire

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■ *Review of the List*

The management team meets at least twice a year to review the list of research providers. Each provider is assessed against a number of criteria by all members of the management team. The results of these assessments are used to set up and/or modify the allocation of the overall budget defined upstream for each provider.

The amounts collected are monitored on a monthly basis to ensure that they are in line with the initially estimated budget.

The final amount redistributed to each provider may vary from the amount estimated at the beginning of the financial year, depending on activity and the number of orders placed on the funds, and on the quality of the service provided by the research providers during the financial year. In the latter case, the management team justifies changes to the final allocation at a research provider selection committee meeting.

■ *Payment*

Research service providers are paid according to the terms negotiated between the management company and the service providers. A transfer is made directly by the management company from the segregated account to the service providers.

B. Evaluation system of the quality of Research

The quality of the research provided by research providers is assessed annually by the entire management team according to several criteria.

The scores awarded are consolidated by service provider and give rise to a ranking which is compared with the budget allocated to the service provider in order to detect any inconsistencies at the Brokers Committee meeting.

At this committee meeting, the provisional budget allocated to each service provider for the coming financial year may be re-evaluated to take account of the quality of the research provided and its use by the management team.

Customers will be informed of any increase or revision in charges during the year.

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APPENDIX 1 : LEGAL DOCUMENTS NECESSARY FOR ONBOARDING A NEW EXECUTION INVESTMENT SERVICE PROVIDER

- The agreement/Terms of Business, where appropriate;
- The letter in which the ISP categorizes the asset management company as a professional client;
- Documents relating to the identity and capacity of the intermediary (Kbis, Articles of Association, approvals). Note that for institutions authorised in France by the AMF and ACPR, this verification may be carried out on REGAFI or any European equivalent;
- The ISP's Best Execution policy;
- The intermediary's policy for preventing and managing conflicts of interest;
- The list of execution venues where the ISP plans to intervene.

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APPENDIX 2 : REGULATORY DOCUMENTATION OF AMUNDI INTERMEDIATION

[Best selection and best execution policy Amundi Intermediation](#)

[2024 Report of Amundi intermediation – top 5 counterparties/venues](#)

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APPENDIX 3 : EXECUTION MATRICE BY CLASS OF FINANCIAL INSTRUMENT

APPENDIX 3

(Execution matrice by class of financial instrument)

Financial Instruments	Type of place(s) of performance (*)	Strategy for best execution & selection of intermediaries	Factors & Criteria used / preferred
ACTIONS			
Equities	RM, MTF, IS	Orders are transmitted via selected intermediaries (see selection policy) by direct electronic connection or via trading platforms (Algorithms, DMA)	Price, Liquidity, Speed, Cost depending on the type of order sent by the customer(**)
ETF (Equities, Bonds & Commodities)	RM, MTF, OTC	Orders are : - put in competition (RFQ) with several authorised counterparties (see selection policy) when market liquidity is ensured either by market makers or by counterparties accessible via electronic trading systems, or - or transmitted to selected intermediaries (if there is sufficient liquidity on a regulated market)	Price, Liquidity, Speed, Cost depending on the type of order sent by the customer(**)
Warrants, rights, equity-linked notes, warrants, certificates, CFDs, etc.	RM, MTF, OTC	Orders are transmitted to : - selected intermediaries (if there is sufficient liquidity on a regulated market) or RFQ of several authorised counterparties (see selection policy) when market liquidity is provided either by market makers or by counterparties accessible via alternative trading systems.	Price, Liquidity, Speed, Cost depending on the type of order sent by the customer(**)
OBLIGATIONS et INSTRUMENTS MONETAIRES			
Government bonds (OAT, Sovereign Agency Supranational, Covered Bond, Treasury Bond, etc.) ...	RM, MTF, SON, IS, OTC	Several authorised counterparties are put out to tender (RFQ) (see selection policy). Market liquidity is ensured either by market makers or by counterparties accessible via alternative trading systems	Price, Liquidity
Corporate bonds (financial or corporate, etc.) regardless of issuer ratings	RM, MTF, SON, IS, OTC	Several authorised counterparties are put out to tender (RFQ) (see selection policy). Market liquidity is ensured either by market makers or by counterparties accessible via alternative trading systems	Price, Liquidity
Convertible Bonds	MR, OTC, SON	Several authorised counterparties are put out to tender (RFQ) (see selection policy). Market liquidity is ensured either by market makers or by counterparties accessible via alternative trading systems	Price, Liquidity, Speed, Cost depending on the type of order sent by the customer (**)
Negotiable Certificates of Deposit (CDNs), Commercial Paper (CPs), Sovereign Short-Term Notes, etc ...	OTC, SON, MTF	Several authorised counterparties are put out to tender (RFQ) (see selection policy). Market liquidity is ensured either by market makers or by counterparties accessible via alternative trading systems	Price, Liquidity

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Financial Instruments	Type of place(s) of performance (*)	Strategy for best execution & selection of intermediaries	Factors & Criteria used / preferred
FUTURES and others listed derivatives			
Futures (Futures on equity indices, baskets of equities or bonds, interest rate swaps or indices, foreign exchange, etc.)	RM, OTC	Orders are transmitted to : - selected intermediaries (if there is sufficient liquidity on a regulated market) or RFQ of several authorised counterparties (see selection policy) when market liquidity is provided either by market makers or by counterparties accessible via alternative trading systems.	Price, Liquidity, Speed, Cost depending on the type of order sent by the customer (**)
Options on Futures Futures on equity indices, baskets of equities or bonds, interest rate swaps or indices, foreign exchange, etc.)	RM, OTC	Orders are transmitted to : - selected intermediaries (if there is sufficient liquidity on a regulated market) - or RFQ of several authorised counterparties (see selection policy) when market liquidity is provided either by market makers or by counterparties accessible via alternative trading systems.	Price, Liquidity, Speed, Cost depending on the type of order sent by the customer (**)
DERIVATIVES OTC (exceptchange)			
Credit derivatives on single issuer, index (index Options, ITRAXX, CDX, etc...)	MTF, SEF, SON, IS, OTC	Several authorised counterparties are put out to tender (RFQ) (see selection policy). Market liquidity is ensured either by market makers or by counterparties accessible via alternative trading systems	Price, Liquidity
OTC derivatives (Swap de taux, Swap inflation, Swaption, Cap & Floor, etc ...)	MTF, SEF, SON, IS, OTC	Several authorised counterparties are put out to tender (RFQ) (see selection policy). Market liquidity is ensured either by market makers or by counterparties accessible via alternative trading systems	Price, liquidity
CHANGE			
Spot	SON, OTC, MTF	Several authorised counterparties are put out to tender (RFQ) (see selection policy). Market liquidity is ensured either by market makers or by counterparties accessible via alternative trading systems	Price, liquidity
(Forward, Swap)	SON, OTC, MTF	Several authorised counterparties are put out to tender (RFQ) (see selection policy). Market liquidity is ensured either by market makers or by counterparties accessible via alternative trading systems	Price, liquidity
Options	SON, OTC	Several authorised counterparties are put out to tender (RFQ) (see selection policy). Market liquidity is ensured either by market makers or by counterparties accessible via alternative trading systems	Price, liquidity

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Financial Instruments	Type of place(s) of performance (*)	Strategy for best execution & selection of intermediaries	Factors & Criteria used / preferred
TEMPORARY SALE OF SECURITIES			
Loans	OTCMTF	Several authorised counterparties are put out to tender (RFQ) (see selection policy). Market liquidity is provided either by counterparties accessible via alternative trading systems or via responses to IOI (Indication Of Interest) requests.	Price, Liquidity
Repo / Reverse repo	OTC	Invitation to tender (RFQ) from several authorised counterparties (see selection policy) or responses to IOI (Indication Of Interest) requests	Price, Liquidity
PACKAGES			
Linked orders involving a combination of operations, often in opposite directions, on several instruments or types of instrument (arbitrages, asset + hedging, more complex rebalancing, etc.).	RM, MTF, SON, IS, OTC	a tailor-made execution strategy for each package determined by the trader, taking into account the individual characteristics of each instrument and the liquidity of the whole package	Price, Liquidity

(*)

RM : Regulated Market (Ex : NYSE Euronext, LSE, etc...)

MTF : Multilateral Trading Facility is a system without the status of a regulated market, is operated by an investment services provider or a market undertaking to organise the matching of A/V orders in Financial Instruments. (Ex : Chi-X, Turquoise, etc ...)

IS : Systematic internaliser who executes client orders outside MR and SMN by acting directly as counterparty and committing its own capital,

SEF: "Swap Execution Facility", Organised Trading System which is a new category of trading system/platform introduced by MiFIR where bonds, structured products, emission allowances and derivatives can be traded, with the exception of equities and similar instruments (certificates, ETFs).

OTC (OverThe Counter) : Marché de gré à gré

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(**)

The order types and associated execution criteria are described in the table below:

Type of order	Objective of price or Index	Criteria
discretionary	Entry price (last quotation)	Price - Liquidity
order with trigger threshold	VWAP(weighted average of prices by volumes)	Price - Liquidity
Market price	Entry price (last quotation)	Speed - Liquidity
Limit order	Limit	Liquidity -Cost
Opening	Opening	Liquidity -Cost
Closing	Closing	Liquidity -Cost