



**Order execution and/or transmission strategy
adopted by SGR
- Extract -**

1. Introduction

The Italian legislator, in transposing EU regulations, in particular the so-called MIFID (Directive 2004/39/EC) has sought to ensure equal treatment for mutual fund investors by extending most of the rules of conduct established for other investment services and activities to asset management activities. Directive 2014/65/EU (so-called MIFID II), which came into force on 3 January 2018, retains the original purpose of the 2004 Directive, confirms underlying choices regarding the duty to act in the best interests of the client and increases the level of diligence required of management companies by strengthening the obligations in relation to best execution and disclosure to clients.

MIFID II also sets out to regulate the markets in financial instruments more rigorously, in particular trading taking place over the counter (OTC), by outlining a new type of trading platform, the so-called organized trading facility (OTF).

Consob Regulation on Intermediaries no. 20307 of 15 February 2018 (hereinafter "Consob Regulation") includes among the obligations for asset management companies (SGRs) the implementation of measures for the execution and transmission of orders on financial instruments so as to obtain the best possible result for clients for whom these companies provide portfolio management services (hereinafter "clients") and on behalf of Collective Investment Undertakings (UCIs). For the latter, in particular, national legislation refers to the relevant provisions contained in the Delegated Regulation No. 231/2013/EU (hereinafter "EU Regulation").

ANIMA SGR S.p.A. (hereinafter "SGR"), seeks to fulfil the primary and secondary obligations under current legislation by defining a strategy for the transmission and execution of orders (hereinafter "Strategy") that identifies the most important elements, including execution factors deemed relevant and methods for selecting execution venues and intermediaries.

2. General principles adopted for Order Management

When executing and transmitting orders on behalf of UCIs, the Pension Fund and clients to whom it provides the portfolio management service, SGR undertakes to act fairly and respect the interests of all clients and all UCIs, and to comply with current legislation.

When making investment choices on behalf of clients, managed UCIs and the Pension Fund, SGR shall transmit orders using high standing intermediaries that meet confidentiality and reliability criteria, are financially sound and are able to ensure the smooth execution of transactions and minimize counterparty risk.

As for the choice of order Execution Venues, SGR shall identify for each category of instruments at least those Execution Venues that offer the best possible long-term results for the execution of orders of clients/UCIs and the Pension Fund (please note that in the meaning given by Anima SGR, Execution Venues are trading intermediaries to which Anima transmits the orders to be executed).

Compliance with the general principles set out in this Strategy represents a burden for the manager performing the transaction, which must be able, at all times, to demonstrate its compliance with the present Strategy.

SGR undertakes to execute orders quickly, correctly and efficiently.

SGR reserves the right to execute an order relating to a UCI, the Pension Fund and/or a client together with orders relating to other UCIs/Pension Fund/clients, provided that this execution method does not harm the interests of any of the UCIs/clients in question.

SGR shall adopt and apply effective and suitable procedures to ensure a correct distribution of aggregated orders, even in the event of their partial execution.

3. Execution Factors

In order to obtain the best possible result in terms of execution or transmission of orders on behalf of UCIs, the Pension Fund and clients for whom the portfolio management service is provided, SGR shall consider the following **execution factors (hereinafter "Factors")**:

1. price;
2. costs for clients/charges for UCIs;
3. speed of execution and settlement;
4. likelihood of execution (liquidity) and settlement;
5. size and nature of the order (the reference to the nature of the order means, by way of example, orders to subscribe for securities, sell securities, exercise an option, etc.);
6. any other consideration relevant to the execution of the order.

To establish the relative importance of the Factors listed above, SGR shall take into account the following execution criteria (hereinafter "**Criteria**"):

- goals, investment policy and specific risks of the UCI, Pension Fund or Portfolio management (as set out in the regulations, articles of association, prospectus or promotional documentation)
- characteristics of the order (i.e. references to its size, status of order with price limit, or other specific parameters);
- characteristics of the financial instruments to which the order refers and their liquidity conditions;
- characteristics of execution venues (trading intermediaries) at which the order may be directed, including the requirements of the entity to which the order is transmitted or with which the order is placed for execution, including, but not limited to, experience, reputation, financial solvency, clearing systems, circuit breakers, scheduled actions;
- for orders relating to clients: characteristics of the client (including classification as retail or professional client);

In particular, SGR believes that constantly seeking to optimize execution, in particular with regard to the price factor, can be a real advantage for the UCI and for the Pension Fund, adding value to the assets managed and safeguarding investors' interests. Therefore, price is generally viewed as the prevalent relevant factor.

With regard to the portfolio management service for retail clients, for the selection of execution venues (i.e. Trading/Executing intermediaries) the relative importance of factors is determined by the so-called "total consideration", made up of the price of the financial instrument and execution-related costs. Costs include all expenses incurred by the client directly related to the execution of orders, including the fees of the execution venue, fees for clearing and settlement and any other fee payable to third parties in connection with the execution of orders.

Other execution factors may be taken into consideration in those cases in which focusing solely on “price” and “cost” factors might adversely affect the optimal completion of the transaction in question (e.g. fast-market aspects, high infra-day volatility, IPOs, blocks, etc.).

Without prejudice to the above, if the client gives specific instructions, in the execution of the order SGR shall consider the elements to which the instructions refer and comply with said instructions.

Without prejudice to the above factors and execution criteria, SGR shall transmit orders to dealing counterparties that are capable of ensuring a lasting and high quality of execution. When evaluating dealing counterparties, elements to consider should include the ability to offer continuous access to the primary market, as well as the assistance provided and information given to SGR during the course of execution.

The transmission of orders to authorized intermediaries (“Brokers”) can be handled directly by SGR or through an entity authorized to provide the reception and transmission service (Order Collector), equipped with specific systems and skills to optimize the process of forwarding orders to the aforementioned Brokers. The Order Collector shall have a transmission/execution strategy deemed by SGR to be compatible with the order of importance of the Policy factors.

4. Execution Venues and Executing Intermediaries

To implement its investment decisions, Anima SGR does not directly access the execution venues that, for example, identify regulated markets. The Company accesses the execution venues identified by intermediaries authorized to perform the order execution and/or reception/transmission service (“Brokers”), selected among counterparties with proven experience and capabilities, expressly authorized by the Board of Directors based on an ad hoc internal procedure.

The transmission of orders to execution venues (identified by authorized dealing counterparties) can be handled directly by SGR or through the Order Collector, authorized to provide the order reception/transmission service, equipped with specific systems and skills to optimize the process of forwarding orders to the aforementioned Brokers. The selection of the Order Collector is based on its transmission/execution strategy, deemed by SGR to be compatible with the order of importance of the factors indicated above.

Before authorization, SGR asks brokers to transmit their execution policy, establishing the suitability of the Broker in pursuing the best execution of orders transmitted by SGR in accordance with the present execution and transmission Strategy.

If the transmission of orders is delegated to the Collector, the latter must be able to identify the most suitable Broker and execution venue in order to ensure the best execution, monitoring the execution phase and periodically informing SGR about the quality of execution with reference to the various Brokers.

If Brokers are authorized entities in a State outside the European Union, they shall promise SGR to adopt standards of conduct at least equivalent to those required by EU legislation concerning “best execution”.

With regard to managed UCIs, the Company publishes the selected and authorized execution venues (identified by authorized dealing counterparties) on its corporate website.

With reference to the Portfolio Management Service, in compliance with the provisions of Directive 2014/65/EU (so-called MIFID II) and EU Delegated Regulation 2017/576 of 8 June 2016, the Company shall disclose for each class of financial instruments the top five Brokers by trading volume for all orders issued under a portfolio management contract, separately for retail and professional clients. This information shall be separate for each class of financial instruments, as defined in Annex I to the aforementioned Regulation.

When disclosing the identity of the top five Brokers, SGR shall publish information on the volume and number of orders executed by each one, so as to allow investors to form an opinion about the flow of client orders from SGR to that Broker. Information presentation and content shall adhere to the provisions of Annex II to the aforementioned Regulation.

Data are extracted by the Front Office Applications IT service from Front Office systems used to perform investment activity and disclosed in reports in the format required by current legislation. The Investment Support & Principles Department verifies the contents and adds a commentary containing a summary of the analysis and conclusions drawn from the continuous monitoring of execution quality.

The full reports containing all information required by law are published by the Digital & Reporting Service of SGR on its website by the end of April following the end of the year to which the information provided refers.

5. Transparency

SGR shall provide investors and clients with appropriate information on the strategy for executing and transmitting orders.

In particular, the Offer Document prepared for UCIs and the Information Document (Prospectus) for individual clients require an extract of the Disclosure on the order execution and transmission strategy.

SGR will publish on its website any relevant changes made to this Strategy in a timely manner.

6. Monitoring and Reviewing

SGR has an ad hoc Committee to monitor the effectiveness of measures included in the present Strategy and the quality of execution by authorized Brokers. Where appropriate, it shall remedy any shortcomings. This Committee shall review the measures and strategy adopted, including the choice of execution venues, at least once a year or, in any case, when relevant circumstances affect the ability to achieve a lasting best possible outcome for the UCI/client/pension fund.

7. Delegating Management powers

If SGR delegates, in part or in full, the management of assets of a UCI, Pension Fund or client portfolio to other authorized intermediaries, said intermediaries shall, within the limits of the powers conferred, comply with the principles and criteria for the execution and transmission of orders contained in the present Strategy.

If the contract for the delegation of management powers does not oblige the delegated intermediaries to comply with the present Strategy, they will be required to adopt their own order execution and transmission Strategy in accordance with legislation in force within the European Union. SGR will check the compatibility of this Strategy and ensure it is observed. It shall also make this Strategy available to UCI subscribers, Pension Fund participants and/or portfolio management service clients.

8. Exemptions

Without prejudice to the general obligation of acting in a fair and correct manner in the best interests of investors/clients and in compliance with all other legal and regulatory norms, SGR is not required to apply the present Strategy or best execution norms if the order to be executed refers to structured financial instruments or, in general, listed/unlisted instruments for which only one Execution Venue is available.

SGR will comply with the specific instructions given by clients regarding the execution of orders and, consequently, will comply with the Strategy only for those parts of orders not bound by specific

instructions received that may be at odds with the adopted Strategy. In such cases, specific client instructions may prevent SGR from taking all the steps required by the execution and transmission Strategy to achieve the best possible result with reference to the elements covered by those instructions. Referring specifically to the portfolio management service, SGR shall refrain from encouraging the client to give instructions for the execution of a specific order if SGR is reasonably aware that such instructions might prevent the client from obtaining the best possible result.

The full version of the document regarding the “Order execution and transmission strategy” can be obtained by making a request at: clienti@animasgr.it, or calling the toll-free number **800 388 876**.