

# Best Execution Policy

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Santander Asset Management Luxembourg S.A.

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## 1. Introduction

### 1.1. Purpose and context

Santander Asset Management Luxembourg S.A. (hereafter the “ManCo” or “SAMLUX”) is a management company regulated under Chapter 15 of the law of 17 December 2010 relating to undertakings for collective investment, as amended (hereafter the “UCI Law”).

SAM Lux is managed by a board of directors (the “Board”), which has appointed conducting officers to effectively conduct the business of SAM within the meaning of Article 102(1)(c) of the UCI Law (the “Conducting Officers” or “Senior Management”).

The Conducting Officers form a committee (the “COMEX”), which is responsible for the execution of decisions taken by the Board and the effective management of SAM Lux.

In accordance with inter alia CSSF Regulation 10-04 and CSSF Circular 18/698, SAMLUX shall act in the best interests of the UCITS it manages when executing decisions to deal on behalf of the managed UCITS in the context of the management of its portfolios. SAMLUX therefore has established a best execution policy (hereafter the “Policy”).

### 1.2. Definition and scope

This Policy of SAMLUX describes in more detail the principles of the execution of orders for its managed funds.

The ManCo shall take all reasonable steps to obtain the best possible result for its funds, taking into account price, costs, speed, likelihood of execution and settlement, size, nature and any other consideration relevant to the execution of the order.

As of today, SAMLUX does not execute orders itself. The ManCo has delegated the portfolio management to other Santander group entities or third-party managers (together the “Delegated Portfolio Managers”). In accordance with the respective investment management agreements, these Delegated Portfolio Managers shall act as investment manager to the respective fund/sub-fund and to take over the composition and management of the fund portfolios subject to the defined investment restrictions. In this context, a constant analysis of the financial markets is ensured.

The Delegated Portfolio Managers therefore decide on the type of order placement and execution. They act according to their internal best execution policies and guidelines, which regulate the obligations of the designated Delegated Portfolio Managers.

SAMLUX ensures that the Delegated Portfolio Managers comply with the principles set out in this Policy and regularly monitors its implementation as part of the delegation control. Regular checks on the compliance of the Delegated Portfolio Managers are executed (please refer to point 4).

Orders are generally not transferred directly to execution places by the Delegated Portfolio Managers, but executed via trading partner (broker, banks, other trading partners, etc.).

The best execution principles apply for execution orders, which SAMLUX executes for its managed funds. The financial instruments covered by this Policy are in particular the followings (including for efficient portfolio management techniques):

- Equity, including ETFs and other listed assets.
- Fixed income and money market instruments.
- All types of derivatives (equity and fixed income, FX, etc.), on organised markets and OTC.
- Investment funds.

## 2. Identification of order execution factors

SAMLUX considers both quantitative and qualitative factors to attempt to secure the best possible outcome, although some aspects may take precedence over others, depending on the type of market and assets. These aspects are as follows:

- a. **Price.**
- b. **Costs.**
- c. **Speed.**
- d. **Execution and settlement probability.**
- e. **Volume.**
- f. **Nature of the order**
- g. **Other relevant aspects.**

The weighting and thus the decision on the trading partner, the trading venue and the type of execution is incumbent on the Delegated Portfolio Manager in each individual case.

In this regard, the Delegated Portfolio Manager will determine the relative important of execution factors in accordance with:

- The objective, investment policy and specific risks of each vehicle.
- The characteristics of the order.
- The characteristics of the financial instrument.
- The characteristics of the brokers through which the order may be sent.

In periods of high volatility, in extreme market movements or in situations of limited liquidity, order execution may not be carried out as it would be under normal market conditions.

In these circumstances, any action or decision by SAMLUX or the Delegated Portfolio Managers will be taken to satisfy the investor's requirements and in the best interests of the investor, always bearing in mind that in exceptional circumstances SAMLUX cannot guarantee perfect functioning of systems and markets.

## 3. Selection of brokers and counterparties

SAMLUX and its Delegated Portfolio Managers are obliged to select only trading partners and trading venues whose trading model and execution behaviour enable it to obtain the best possible result for the orders transmitted on behalf of its funds.

SAMLUX and its Delegated Portfolio Managers will take all reasonable steps in relation to the selection of trading partners and trading venues that offer the greatest opportunity to achieve the best possible results.

The Delegated Portfolio Manager may choose brokers to execute orders in accordance with the type of asset for which they have been authorised. The minimum criteria to be appraised for selection are, inter alia, as follows:

- The entity's order execution policy.
- Experience and quality in order execution.
- Capacity and speed in executing orders.
- The technological infrastructure for the execution and transmission of orders.
- The history of order execution by asset class.
- Order confirmation and settlement capacity and history.
- The quality of the service provided.
- Access to primary market assets (new fixed income issuances, subscription offerings, etc.).
- The degree of access to trading venues with greater liquidity.
- The entity's audit reports and financial reports.
- Financial robustness, capital adequacy, reputation and financial stability, etc.

SAMLUX reserves the right of veto in regard to a newly selected broker by a Delegated Portfolio Manager.

The Delegated Portfolio Managers are required to execute an initial and subsequent due diligence of the selected brokers (or equivalent controls). SAMLUX reserves the right to check the plausibility of this review and, if necessary, request appropriate documentation.

## 4. Monitoring

In order to ensure that the above-mentioned principles are also implemented by the Delegated Portfolio Managers, SAMLUX has established internal procedures for the monitoring of the compliance.

The Delegated Portfolio Managers follow their own best execution policies and guidelines. Nevertheless, SAMLUX regularly reviews and monitors the implementation of the guidelines during the initial and ongoing due diligence process (including onsite spot checks) as well as through a regular reporting on specific factors (e.g. execution of trades within maximum and minimum daily price, control on significant holding, price competition, price execution within a specific time threshold, etc.). These controls are executed in line with SAMLUX delegation policy.

The controls should allow to identify and remedy potential deficiencies and to determine whether the order execution principles will produce the best result for the fund as well as whether the order execution principles need to be amended.

## 5. Compliance with the Policy

Breaches of this Policy are considered as a serious breach of the relevant persons' contractual and legal obligations towards SAMLUX and may lead to disciplinary sanctions, including, but not limited to, termination of the contractual relationship with the SAMLUX.

## 6. Review of the Policy and information to shareholders

This Policy is reviewed at least on an annual basis and whenever a material change occurs that affects the ManCo's ability to continue to obtain the best possible result for the managed funds.

The latest version of this Policy is published on the website of SAMLUX ([www.santanderassetmanagement.lu](http://www.santanderassetmanagement.lu)).

Further information can also be obtained free of charge at the registered address of SAMLUX.

## 7. Change control

Version	Responsible Area	Description	Approval committee	Date of approval
1	Compliance SAM Lux	Detailed adaptation of global policy to SAMLUX	Board of Directors Santander Asset Management Luxembourg S.A.	April-23