

Policy

Approved by the ECFS Board on 25 April 2024

Applicable from 30 April 2024

Best Execution Policy

1. Background

East Capital Asset Management S.A. (“**ECAM**”) is a public limited company governed by the laws of the Grand-Duchy of Luxembourg and licensed by the Commission de Surveillance du Secteur Financier (the “**CSSF**”) as an Alternative Investment Fund Manager, under the Law of 12 July 2013 on alternative investment fund managers, as well as a Management Company, under the Law of 17 December 2010 relating to undertakings for collective investments (the “**2010 Law**”).

ECAM acts as Management Company and Alternative Investment Fund Manager in respect of Luxembourg-domiciled and Sweden-domiciled funds qualifying as either undertakings for collective investment in transferable securities or alternative investment funds, (jointly the “**Funds**”). ECAM furthermore acts a portfolio manager in respect to a number of separately managed accounts (the “**Mandates**”) in accordance with Article 101.3(a) of the 2010 Law. The Funds and Mandates are hereafter jointly referred to as the “**Portfolios**”.

East Capital Financial Services AB (“**ECFS**” or the “**Company**”) is a public limited company governed by the laws of Sweden and licensed by Finansinspektionen as a securities company. ECFS have three main business areas; a) investment management services assigned by ECAM for the Portfolios (in which case ECFS acts as the “**Investment Manager**” of the Portfolios), b) investment advice services through tied agents and portfolio management services for retail customers under the brand Hjerta Invest (“**Hjerta**”), and c) custody operations and order handling (execution of order and receipt and transmission of orders, respectively) in the EC Direct business line (“**ECD**”).

This Policy is designed to comply with the regulatory requirements set out in section 14 which requires the Company to act in the best interests of the clients of the Portfolios, Hjerta and ECD. This includes fiduciary duties towards clients in the context of the management of their portfolios.

The Company must take all reasonable steps to obtain the best possible result for the clients. This obligation is known as the duty of “best execution”. The Company has approved this Policy in order to achieve best execution and best possible result, when executing and transmitting orders in relation to the Portfolios that it manages of behalf of ECAM, as well as when ECFS provides order handling service through Hjerta and ECS, respectively.

For Portfolios which do not invest in financial instruments, as per the descriptions in Sections 4 and 5 below, but in private equity and real estate instead, the Company will not be required to comply with the rules set out in this Policy when making portfolio management decisions in connection with the Portfolios. In accordance with its duty of best execution, the Company will nevertheless take all reasonable steps to obtain the best possible result for these Portfolios, such as working with recognized experts in the fields of private equity valuation and independent property appraisal.

2. The relative weight ascribed to various factors in conjunction with orders

The Company shall take all reasonable measures to achieve best possible result with regard to price, costs, speed, likelihood of execution and settlement, order size and nature, or any other factor that in the Company' opinion is relevant for the execution of a particular order.

Normally, the greatest significance will be ascribed to the price of the financial instrument. In certain cases, for example in conjunction with large orders or orders subject to particular terms and conditions etc., greater consideration may be given to other factors, for instance, the likelihood that it will be executed or can be settled or if, for other reasons, it is relevant to ascribe greater significance to factors other than the price.

The importance of best execution factors is listed in Appendix A for each business area.

3. Methods for executing orders

Orders regarding financial instruments will primarily be transmitted for execution to brokers that have direct access to relevant trading venues (see Section 4 below) or that in turn will forward the order to another broker for execution. The Company may also, in exceptional cases, execute orders directly against the counterparty (see Sections 4 and 5 below).

In case there are specific interests related to the Portfolios to take into account in the execution or outcome of an order, the Company may, when transmitting the order, submit specific instructions for the execution. Such instructions shall be based on appropriate analyses of the relevant market conditions.

Orders may be executed through one or several of the methods set out in this Policy.

In order to achieve best possible result, the Company has the possibility of executing an order by using one, or a combination, of the following methods for the execution of orders:

Directly on a regulated market or Multilateral Trading Facility ("MTF")

This takes place when the Company executes the order through a third party.

Outside of a regulated market or MTF

Normally, orders should be executed on regulated markets or an MTF by a broker. Orders may be executed outside of regulated markets and MTFs only if there are no other possibility of executing the order on a regulated market or if executing the order on a regulated market would lead to unacceptable delay, pricing or costs. The reason for trading outside a regulated market or an MTF should be documented in advance.

According to specific instructions

When a client provides the Company with specific instructions regarding one or more orders (for example that the Company shall carry out the order in a particular manner), the Company is not liable to observe any internal best execution policy.

This exemption from best execution rules is primarily applicable in ECD when orders are transferred on instruction from the client to MFEX in accordance with the terms and conditions in the contract between the Company and the client.

The portfolio management services in Hjerta are liable to observe best execution rules in accordance with the terms and conditions within the contract with the client regarding the portfolio management services.

4. Financial instruments which are primarily traded on a trading venue

Orders regarding the following financial instruments will primarily be executed by transmission of such orders to brokers that have direct access to the relevant trading venues:

- transferable securities, i.e. shares, bonds, mortgage certificates, subscription rights, convertible debt instruments and depositary receipts for said instruments,
- money market instruments, i.e. treasury bills, certificates of deposits and other liquid assets normally traded on the money markets,
- derivative instruments, i.e. options, futures, swaps and other similar financial instruments, and
- fund units which are admitted to trading on a trading venue.

Orders are transmitted to brokers chosen with regard to the factors set out in Section 2 above and the broker evaluation process described in Section 6 below.

ECFS uses several brokers on each market in order to ensure liquidity, to create transparency in markets and to ensure best possible execution on each individual order. A list of brokers should be kept up-to-date by the Company and held available for its clients on request.

ECFS may also execute orders regarding the above financial instruments directly against the counterparty due to, for instance, preferential rights and other special offerings or if such direct execution is deemed to be in the best interests of the Portfolios.

5. Fund units and other financial instruments which are not primarily traded on a trading venue

ECFS may forward orders regarding unlisted fund units by transmitting the orders to the relevant fund's management company (or the equivalent) for execution according to general terms and conditions of the relevant service to the client.

Orders regarding other financial instruments not primarily traded on a trading venue, including unlisted over-the-counter ("OTC") derivatives, are either transmitted to brokers for execution or executed by ECFS directly against the counterparty. Method of execution and choice of counterparty are always based on analyses of available market information. In these cases, ECFS shall check that price and costs are reasonable in comparison with similar instruments.

6. Broker and trading venue evaluation and reporting

Brokers used for executing orders pursuant to Sections 4 and 5 above should be continuously evaluated by ECFS with regard to the following factors:

- price of orders executed,

- commission rates,
- skill at executing orders with particular regard to volume and corresponding price impact,
- skill at settling orders,
- volumes, generally, as well as in respect of particular financial instruments,
- availability and professionalism,
- financial status, risk management process,
- routines for best execution of orders, and
- other factors deemed relevant for the quality of execution.

Orders should only be placed with brokers where the likelihood of completion is satisfactorily high. This is of more importance regarding illiquid instruments or large transactions.

When the same financial instrument is traded on several venues, it can be assumed that the best price will be achieved at the venue with the highest transaction volume and liquidity in the instrument ("relevant market" as designated by ESMA or similar authority).

ECFS should conduct a formal review of all counterparties at least annually. The review should include best execution factors, broker selection based on their ability to fulfil these factors, trade venues and market trends.

A broker evaluation may also be needed after significant changes, either internally or externally.

The broker and trading venue review should be published annually (RTS 28).

7. Evaluation of fund unit brokerage

Currently, the Company transmits all clients' orders referring to shares in UCITS funds to MFEX Mutual Funds Exchange AB which executes the trades on behalf of the clients. MFEX is a Swedish investment firm subject to the MiFID directive. The forwarding of orders to MFEX is per specific instruction according to the general terms and conditions with the Hjerta and ECD clients.

The selection of MFEX and similar companies (if any), should be evaluated annually by the Company to ensure low costs and quality of services. The Company shall comply with the obligation to act honestly, fairly and professionally in accordance with the best interests of its clients.

8. Commission rates

Commission rates should be continuously negotiated by ECFS. Whenever possible, the commission rates should be decreased as long as the execution quality is maintained on a sufficient level.

9. Disruptions on the markets or in trading system

In the event of disruptions on the markets or in ECFS trading system, for example interruptions or insufficient access to the system, it may be impossible or inappropriate, in ECFS opinion, to carry out orders in accordance

with the principles set forth in this Policy. In such cases, ECFS will take all reasonable measures to otherwise achieve the best possible result.

10. Trade Errors

The Company defines a “trade error” as an unintended action or omission in the course of trading. Once a trade error is recognized, the person responsible for the error, or spotting it, shall immediately notify the CIO. If it is possible to cancel the trade prior to settlement, the person responsible for placing the trade should attempt to do this, in a manner to minimize risk or financial loss. If it is not possible to cancel the trade, the transaction should be reversed as soon as possible. If it is not possible or not prudent in the best interests of the client to reverse the trade immediately, the CIO shall determine whether the reversal of the trade should be delayed and what other course of action to take. The Company shall correct the trade error promptly and efficiently protecting the interests of the client. In the event of a loss, the Company will make the client whole. Any gain will accrue solely to a client. The Company does not compensate clients for lost market opportunities that may occur as the result of a trade error.

11. Handling of orders and aggregation and allocation of orders

ECFS will execute, record and allocate orders promptly, fairly and expeditiously. Comparable orders are executed sequentially and promptly unless this is made impracticable by the characteristics of the order or prevailing market conditions or where other measures are required as a consequence of the interests of the portfolios.

Financial instruments or amounts of money, received in settlement of the executed orders shall be promptly and correctly delivered to the account of the appropriate portfolios.

ECFS may aggregate an order (e.g. on behalf of one of the portfolios) with orders of other portfolios only if it is unlikely that aggregation generally will work to the disadvantage of one or more of the portfolios whose orders are included in the aggregation.

The allocation of an aggregated order shall be decided and recorded in ECFS trading system prior to its execution.

An aggregated order which is executed in its entirety is allocated on the basis of the average price. If an aggregated order can only be executed in part, the portion which is executed will be allocated proportionally on the basis of the average price. Where only a very small part of the aggregated order is executed and proportional allocation cannot be implemented due to unreasonable transaction costs, the portion which is executed shall be allocated to the portfolio with the largest need/largest deviation from the model portfolio.

12. Monitoring

The Compliance Officer will carry out controls to ensure that orders are executed in accordance with this Policy. The results shall be reported to the Board of Directors who, in case of deficiencies, shall impose necessary measures to comply with this Policy.

Where an Investment Manager has been appointed, the Investment Manager shall monitor compliance with this Policy and report any material deviations on a regular basis. Monitoring by the Investment Manager does not preclude the monitoring by compliance set out in the previous paragraph.

13. Responsibilities

Responsible for the implementation of this Policy: Chief Investment Officer (ECFS)

Responsible for the monitoring this Policy: Compliance Officer of the Company

Responsible for the annual review of this Policy: Board of Directors of the Company

14. Applicable legal and regulatory requirements

- i. Securities Market Act (2007:528) Chapter 9, §§ 31-39 (Sweden)
- ii. Commission Delegated Regulation (EU) 2017/565 articles 64-66
- iii. Commission Delegated Regulation (EU) 2017/576 of 8 June 2016 (RTS 28)

15. Distribution

This Policy shall be distributed internally within the East Capital Group; external distribution (i.e. to other third parties than those mentioned below) is subject to the decision of the CEO of ECFS.

Furthermore, the Company shall make available appropriate information on this Policy and on any material changes to it to the Funds' shareholders.

Clients in Hjerta and ECD are informed about this Policy in the Company's *General Terms and Conditions* which refers to the Company's website. The Policy shall at all times be available on the Company's website.

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