

Best Execution Policy  
of SMBC Nikko Investment Fund Management Company S.A.  
*(extract)*

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SMBC Nikko Investment Fund Management Company S.A. (“SNIF”) has established a best execution policy in order to set out the legal & regulatory requirements, as well as the related actions, which SNIF complies with in order to meet its obligations as an alternative investment fund manager.

SNIF does not execute client orders itself and is therefore not subject to the same requirements as those that execute orders. Nevertheless, SNIF shall make sure that the entity executing the orders applies the best execution provisions.

SNIF must take all reasonable steps to obtain the best possible result for the managed funds and their investors, taking into account price, costs, speed, likelihood of execution and settlement, order size and nature or any other consideration relevant to order execution. This obligation is known as the duty of best execution (“Best Execution”). SNIF has to ensure that all delegates apply similar and equivalent principles.

SNIF delegates the portfolio management activities to duly appointed investment managers. The investment management agreements that SNIF signs with the appointed investment managers impose them to follow Best Execution criteria and principles, and to set up appropriate framework and processes to comply with this requirement.

All appointed investment managers are under prudential supervision, as required by the CSSF Circular 12/546 and European Union Directive 2011/61/EU of June 8, 2011 on Alternative Investment Fund Managers (“AIFMD”). When appointing an investment manager, an initial due diligence is performed. Part of this due diligence process will assess the best execution process of the investment manager. The best execution criteria set out in their policy will be checked to ensure they are deemed equivalent to the Best Execution duties and principles mentioned in AIFMD or the EU regulations as applicable. If it is difficult for the investment managers to disclose, SNIF will obtain a certification letter, in order to ensure that the best interests of the investors are protected in accordance with the AIFMD and MIFID requirements.

Each investment manager must keep records of all executed trades in line with their local market and AIFMD/MIFID regulations standards.

SNIF conducts due diligence on the investment managers annually and confirms whether any material change occurred or might occur which would affect their ability to continue to act in the best possible interest of investors, and takes necessary action if the confirmation is not obtained.