

COUNTERPARTY SELECTION AND TRADE EXECUTION POLICY

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INTRODUCTION

The Markets in Financial Instruments Directive 2004/39/EC (MiFID) sets out standards in order to protect investors. Under these standards, the investment services provider must establish a Counterparty Selection and Trade Execution Policy (the “Policy”) which makes it possible to ensure that the interests of the clients are fully protected either:

- when orders are transmitted to a third party to be executed, in accordance with asset management mandate, and the terms of the offering memorandum and the relevant supplement; or
- when orders are directly executed by Eiffel Investment Group.

This Policy describes the principles and measures implemented by Eiffel Investment Group (“EIG” or “the Company”), both for individual and collective asset management activities.

I. BEST SELECTION PRINCIPLE

The best selection principle aims to pick, for each order which execution is delegated to a third party, the cheapest, fastest and highest-quality counterparty. To meet those requirements, EIG has established a thorough process of selection and monitoring of its intermediaries through a dedicated procedure:

SELECTION CRITERIA

In order to select the optimal broker-dealer for a transaction, the investment team tests several potential counterparties with the following criteria:

- the price offered by the counterparty,
- the overall cost of the transaction (including the fees and other charges),
- the speed of execution,
- the probability of execution,
- the place of execution,
- the size of the order,
- the kind of order,
- any other consideration about the execution of the order.

The counterparties which have successfully undergone this test are added to the list of authorized counterparties (“the List”). Once added to the List, those counterparties are deemed being “usual counterparties” and trading with them requires no further action. Each time the investment team decides to use a new counterparty, it must first get the authorization from the CEO and the

Compliance Officer of EIG. After investigation, the counterparty is added to the list if it is deemed to satisfy all the criteria. The updated list is reviewed and approved by the directors of the relevant fund (Board of Directors).

From times to times, for a given and unique trading opportunity, the investment teams may also trade with “punctual counterparties”. Those counterparties do not have to be added to the List provided that the trading with those counterparties stays unusual (not more than two transactions a year) and satisfies the aforementioned selection criteria. If the investment teams want to increase the frequency of the trading with a “punctual counterparty”, they will have to submit the counterparty to the test. If the counterparty passes the test, it will become an “usual counterparty” and be added to the authorized counterparties list. Each trade with an occasional counterparty has to be motivated and approved by both the CEO and the Compliance Officer before the order is sent. The Board of Directors must also approve the counterparty, but it can be post trade.

CONTINUOUS MONITORING

The Compliance Officer, together with the investment team and the risk-operations team, carries out an annual audit of the quality of the services provided by the counterparties shown on the List. The criteria, both qualitative and quantitative, are the following:

- the quality of the execution of past transactions;
- the specialization of the counterparty in a specific sector (asset type, market capitalization) or geographical area, the quality of its research, its financial strength;
- efficiency of the back-office (reactivity of contacts, accuracy of confirmations)

Those criteria are shown in an assessment grid and reviewed on an annual basis. Each criterion is weighted relative to its importance and so makes it possible to evaluate the counterparties according to the most relevant criteria for EIG. Only the well rated establishments are allowed to continue to be on the List. If an establishment failed to pass the assessment twice in a row, it is withdrawn from the List and EIG cannot trade with this counterparty anymore.

II. BEST EXECUTION PRINCIPLE

IMPLEMENTATION OF THE POLICY

Usually, the Company itself will not execute trades; it will send them to brokers-dealers instead. Thus, EIG do not know the final execution place of its order. Brokers-dealers have indeed the discretion to execute the orders on regulated markets or on multilateral trading facilities (MTFs), with systematic internalizers or for their own account. Consequently, EIG authorizes its

counterparties to intervene on these various places of execution. However, when EIG starts its business relationship with the counterparty, it makes sure that the third party is able to achieve the best execution duty toward the final investor. EIG might demand the third party to use a specific place of execution. This demand constitutes a specific instruction for the service provider, according to the article 314-70 of the General Regulation of the AMF (the “GR-AMF”).

For EIG, the best execution principle therefore is based upon both:

- a rigorous selection of the counterparties executing its orders, and on a continuous assessment of these intermediaries throughout the business relationship;
- the selection of the broker that will execute the order at the best available price.

In order to comply with the MiFID’s Best Execution requirements (as recalled below¹), the Company institutes a best execution test which is performed as follows on a monthly basis:

1. Each month, the Company’s Compliance Officer randomly selects one trade from the physical trade blotter (the transaction must have taken place on the secondary market due to the specificities of new issues).
2. The Compliance Officer checks that the selected transaction obtained the best possible result for the client and that the portfolio manager is able to give the objective reason of his/her choice if otherwise.
3. The control is written down on a file and sufficiently documented (optimally with Bloomberg printscreens).

III. GROUPED ORDERS

EIG may aggregate orders from different portfolios or clients in order to have a common and single execution: this grouping shall especially occur each time it might improve the quality of the

¹ MiFID's best execution regime requires investment firms to take all reasonable steps to obtain the best possible result for their clients, taking into account price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to order execution.

Responsibility for assessing the relative importance of the best execution factors lies with the investment firm. A firm should take into account the following criteria when determining the relative importance of the best execution factors:

- the characteristics of the client, including the categorization of the client as retail or professional;
- the characteristics of the client order;
- the characteristics of the financial instrument that is the subject of the order;
- the characteristics of the execution venues or entities to which that order can be directed.”

execution. If a grouped order is only partially fulfilled, predetermined rules of apportionment shall be applied, in order to minimize the detrimental effect toward any portfolio or client. Those rules can be found in the Managing Conflicts of Interest Policy. Never shall one portfolio or investor be favored over another portfolio or investor; any reallocation following the execution of a trade is strictly prohibited.

IV. PERIODICAL REVIEW OF THE POLICY

The Policy shall be reviewed at least annually. The List shall be updated when necessary, and reviewed at least annually; the criteria of the selection assessment and the criteria of the continuous assessment, with their weightings, shall be updated according to financial and economic developments.

V. EIG RESPONSIBILITY

The Policy – with the best selection and the best execution principles – applies in ordinary conditions of the financial markets. It does not constitute an obligation of results.

In the event of force majeure circumstances, heavy disruption beyond the control of EIG and/or its financial intermediaries, the Company cannot be held liable if the conditions of execution of its orders are not optimal. In such cases, EIG may, in order to fulfill the best execution, consider other criteria, such as the probability or the speed of execution.

Appendix 1: list of regulated markets that may be used by EIG

MIC Code	Full Name	Instrument Identifier	Country Code	Authority Name
BATE	BATS EUROPE REGULATED MARKET	ISIN	GB	FCA
BERA	BOERSE BERLIN (REGULIERTER MARKT)	ISIN	DE	BaFin
BERC	BOERSE BERLIN (BERLIN SECOND REGULATED MARKET)	ISIN	DE	BaFin
BMFM	DERIVATIVES REGULATED MARKET - BMFMS	ISIN	RO	CNVM
BOND	BOND VISION MARKET	ISIN	IT	CONSOB
CHIX	BATS EUROPE REGULATED MARKET	ISIN	GB	FCA
CMED	CME EUROPE LIMITED		GB	FCA
DUSA	DUESSELDORFER BOERSE (REGULIERTER MARKT)	ISIN	DE	BaFin
DUSC	DUESSELDORFER BOERSE QUOTRIX (REGULIERTER MARKT)	ISIN	DE	BaFin
EQTA	BOERSE BERLIN EQUIDUCT TRADING (REGULIERTER MARKT)	ISIN	DE	BaFin
EQTB	BOERSE BERLIN EQUIDUCT TRADING (BERLIN SECOND REGULATED MARKET)	ISIN	DE	BaFin
ETFP	ELECTRONIC OPEN-END FUNDS AND ETC MARKET	ISIN	IT	CONSOB
EWSM	EUROPEAN WHOLESALE SECURITIES MARKET	ISIN	MT	MFSA
FISH	FISH POOL ASA	All	NO	Finanstilsynet Norway
FRAA	FRANKFURTER WERTPAPIERBOERSE (REGULIERTER MARKT)	ISIN	DE	BaFin
GXGR	GXG OFFICIAL LIST	ISIN	DK	Finanstilsynet
HAMA	HANSEATISCHE WERTPAPIERBOERSE HAMBURG (REGULIERTER MARKT)	ISIN	DE	BaFin
HANA	NIEDERSAECHSISCHE BOERSE ZU HANNOVER (REGULIERTER MARKT)	ISIN	DE	BaFin
HDAT	ELECTRONIC SECONDARY SECURITIES MARKET	ISIN	GR	HCMC
IFEU	INTERCONTINENTAL EXCHANGE - ICE FUTURES EUROPE		GB	FCA
IFLL	ICE FUTURES EUROPE – FINANCIAL PRODUCTS DIVISION	All	GB	FCA
IFLO	ICE FUTURES EUROPE – EQUITY PRODUCTS DIVISION	All	GB	FCA
IFLX	ICE FUTURES EUROPE – AGRICULTURAL PRODUCTS DIVISION		GB	FCA
ISDX	ISDX MAIN BOARD	ISIN	GB	FCA
MERF	MERCADO ELECTRONICO DE RENTA FIJA	ISIN	ES	CNMV
MFOX	MERCADO DE FUTUROS E OPÇÕES	All	PT	CMVM
MIVX	MARKET FOR INVESTMENT VEHICLES (MIV)	ISIN	IT	CONSOB

MOTX	ELECTRONIC BOND MARKET	ISIN	IT	CONSOB
MTAA	ELECTRONIC SHARE MARKET	ISIN	IT	CONSOB
MTSC	MTS GOVERNMENT MARKET	ISIN	IT	CONSOB
MTSM	MTS CORPORATE MARKET	ISIN	IT	CONSOB
MUNA	BOERSE MUENCHEN (REGULIERTER MARKT)	ISIN	DE	BaFin
MUNC	BOERSE MUENCHEN - MARKET MAKER MUNICH - REGULIERTER MARKT	ISIN	DE	BaFin
NDEX	ICE ENDEX DERIVATIVES B.V.	All	NL	NL AFM
NEXO	NOREXECO ASA	ISIN	NO	Finanstilsynet Norway
NORX	NORD POOL ASA	ISIN	NO	Finanstilsynet Norway
OMIP	MERCADO REGULAMENTADO DE DERIVADOS DO MIBEL	All	PT	CMVM
RPWC	BONDSPOT SECURITIES MARKET	ISIN	PL	Polish FSA
SBMF	SPOT REGULATED MARKET - BMFMS	ISIN	RO	CNVM
SEDX	SECURITISED DERIVATIVES MARKET	ISIN	IT	CONSOB
SEND	SEND - SISTEMA ELECTRONICO DE NEGOCIACION DE DEUDA	ISIN	ES	CNMV
STUA	BADEN-WUERTEMBERGISCHE WERTPAPIERBOERSE (REGULIERTER MARKT)	ISIN	DE	BaFin
WBAH	WIENER BOERSE AG AMTLICHER HANDEL (OFFICIAL MARKET)	ISIN	AT	FMA
WBGF	WIENER BOERSE AG GEREGLTER FREIVERKEHR (SECOND REGULATED MARKET)	ISIN	AT	FMA
WBON	WARSAW STOCK EXCHANGE/BONDS/CATALYST/MAIN MARKET	ISIN	PL	Polish FSA
WCDE	WARSAW STOCK EXCHANGE/COMMODITY DERIVATIVES	ISIN	PL	Polish FSA
WDER	WARSAW STOCK EXCHANGE/FINANCIAL DERIVATIVES	ISIN	PL	Polish FSA
WETP	WARSAW STOCK EXCHANGE/ETPS	ISIN	PL	Polish FSA
XADE	ATHENS EXCHANGE DERIVATIVES MARKET	All	GR	HCMC
XAMS	NYSE EURONEXT - EURONEXT AMSTERDAM	ISIN	NL	NL AFM
XATH	ATHENS EXCHANGE SECURITIES MARKET	ISIN	GR	HCMC
XBAR	BOLSA DE BARCELONA	ISIN	ES	CNMV
XBIL	BOLSA DE BILBAO	ISIN	ES	CNMV
XBRA	BRATISLAVA STOCK EXCHANGE	ISIN	SK	NBS
XBRD	EURONEXT BRUSSELS DERIVATIVES	All	BE	FSMA
XBRU	EURONEXT BRUSSELS	ISIN	BE	FSMA
XBSD	DERIVATIVES REGULATED MARKET - BVB	ISIN	RO	CNVM
XBSE	SPOT REGULATED MARKET - BVB	ISIN	RO	CNVM
XBUD	BUDAPESTI ÉRTÉKTOZSDE (BUDAPEST STOCK EXCHANGE)	ISIN	HU	MNB
XBUL	BULGARIAN STOCK EXCHANGE - SOFIA JSC	ISIN	BG	FSC

XCSE	NASDAQ OMX COPENHAGEN A/S	ISIN	DK	Finanstilsynet
XCYS	CYPRUS STOCK EXCHANGE	ISIN	CY	CySEC
XDMI	ITALIAN DERIVATIVES MARKET	ISIN	IT	CONSOB
XDPA	MERCADO DE DEUDA PUBLICA EN ANOTACIONES	ISIN	ES	CNMV
XDRF	AIAF - MERCADO DE RENTA FIJA	ISIN	ES	CNMV
XDUB	IRISH STOCK EXCHANGE - MAIN SECURITIES MARKET	ISIN	IE	Central Bank of Ireland
XEEE	EUROPEAN ENERGY EXCHANGE		DE	BaFin
XETA	FRANKFURTER WERTPAPIERBOERSE XETRA (REGULIERTER MARKT)	ISIN	DE	BaFin
XEUC	EURONEXT COM - COMMODITIES FUTURES AND OPTIONS	All	NL	NL AFM
XEUE	EURONEXT EQF - EQUITIES AND INDICES DERIVATIVES	All	NL	NL AFM
XEUI	EURONEXT IRF - INTEREST RATE FUTURE AND OPTIONS	All	NL	NL AFM
XEUR	EUREX DEUTSCHLAND	All	DE	BaFin
XGRM	TRADEGATE EXCHANGE (REGULIERTER MARKT)	ISIN	DE	BaFin
XHEL	NASDAQ OMX HELSINKI (ARVOPAPERIPÖRSSI)	ISIN	FI	Fiva
XICE	OMX NORDIC EXCHANGE ICELAND HF.	ISIN	IS	FME
XLDN	EURONEXT LONDON	ISIN	GB	FCA
XLIF	THE LONDON INTERNATIONAL FINANCIAL FUTURES AND OPTIONS EXCHANGES (LIFFE)	All	GB	FCA
XLIS	EURONEXT LISBON	ISIN	PT	CMVM
XLIT	AB NASDAQ OMX VILNIUS	ISIN	LT	LB
XLJU	LJUBLJANA STOCK EXCHANGE OFFICIAL MARKET	ISIN	SI	SMA
XLME	THE LONDON METAL EXCHANGE		GB	FCA
XLOD	LONDON STOCK EXCHANGE DERIVATIVES MARKET	ISIN	GB	FCA
XLON	LONDON STOCK EXCHANGE - REGULATED MARKET	ISIN	GB	FCA
XLUX	BOURSE DE LUXEMBOURG	ISIN	LU	CSSF
XMAD	BOLSA DE MADRID	ISIN	ES	CNMV
XMAL	MALTA AUTOMATED TRADING SYSTEM	ISIN	MT	MFSA
XMAT	MATIF	All	FR	AMF
XMCE	MERCADO CONTINUO ESPANOL	ISIN	ES	CNMV
XMON	MONEP	All	FR	AMF
XMPW	MEFF - SEGMENTO DERIVADOS ENERGIA	ISIN	ES	CNMV
XMRV	MEFF EXCHANGE	ISIN	ES	CNMV
XNGM	NORDIC GROWTH MARKET NGM AB	ISIN	SE	Finansinspektionen
XOAS	OSLO AXESS	ISIN	NO	Finanstilsynet Norway
XOSL	OSLO BØRS ASA	ISIN	NO	Finanstilsynet Norway

XPAR	EURONEXT PARIS	ISIN	FR	AMF
XPOW	POWERNEXT DERIVATIVES	All	FR	AMF
XPRA	PRAGUE STOCK EXCHANGE	ISIN	CZ	Czech National Bank
XPXE	POWER EXCHANGE CENTRAL EUROPE		CZ	Czech National Bank
XRIS	NASDAQ OMX RIGA	ISIN	LV	FCMC
XRMZ	RM-SYSTEM	ISIN	CZ	Czech National Bank
XSRM	MERCADO DE FUTUROS DE ACEITE DE OLIVA - S.A.	ISIN	ES	CNMV
XSTO	NASDAQ OMX STOCKHOLM AB	ISIN	SE	Finansinspektionen
XTAL	NASDAQ OMX TALLINN	ISIN	EE	Finantsinspektsioon
XVAL	BOLSA DE VALENCIA	ISIN	ES	CNMV
XWAR	WARSAW STOCK EXCHANGE/EQUITIES/MAIN MARKET	ISIN	PL	Polish FSA
XZAG	ZAGREB STOCK EXCHANGE	ISIN	HR	HANFA