



POLICY

Best Execution & Best Selection Policy

LAST UPDATED

June 2016



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SUMMARY

1. Objective	3
2. Scope	3
3. Best Execution Policy	4
■ Case of special orders / specific instructions	4
■ Case of pooled orders	5
■ Best Execution monitoring	5
4. Best Selection Policy	6
5. Best Selection monitoring	6
6. Policy review	6
7. Recordings and Archiving	7



1. Objective

UBI provides portfolio management services or manages collective investment schemes and shall comply with the obligations, stipulated in Article 314-3 of the General Regulations of the French Autorité des Marchés (the "AMF"), to act in the best interests of its clients or the collective investment schemes that it manages.

In application of the EU's Markets in Financial Instruments Directive (MiFID) and pursuant to Article L533-18 to L533-20 of the French Monetary and Financial Code and further detailed by the AMF in its rules and regulations, UBI is required to take all reasonable measures to ensure that it obtains the best possible outcome during execution of an order for its clients, given the price, cost and speed of the transaction, the likelihood of execution and settlement being completed, the size and nature of the order and all other considerations regarding execution of an order (the "Best Execution").

In addition and in accordance with Article 314-75 of the General Regulations of the AMF where UBI provides portfolio management services or manages collective investment schemes and entrusts orders to third party investment service providers ("ISP") for execution thereof, UBI has established and implemented a process in order to select ISP (brokers and other financial intermediaries) whose execution policy seeks to achieve the best possible results in executing orders for UBI's clients (the "Best Selection").

The key premise of the MiFID Best Execution and Best Selection requirements is to ensure that UBI consistently takes all reasonable steps to provide the best possible outcome for its clients or collective investment schemes (together "Clients") when either executing trades directly or entrusting the execution of orders to ISPs on behalf of UBI.

The Best Execution & Best Selection Policy applies to both professional and non-professional clients alike. Clients deemed "eligible counterparty" clients are not subject to this policy. Categorisation of clients is defined in accordance with MiFID criteria and is governed by UBI's client categorisation policy.

2. Scope

The Best Execution Policy established within UBI applies to the asset classes of its underlying investment strategies, which are traded on the OTC markets including primarily:

- Convertible bonds,
- Bonds, notes and bills,
- Foreign exchange instruments including currency swaps and forwards,
- Other OTC Derivatives including interest rates swaps and credit default swaps (CDSs).

And the following markets:

- OTC interbank and wholesale markets.

The Best Selection Policy established within UBI applies to the asset classes of its underlying investment strategies, which are traded on markets including primarily:



- Equities and equity linked securities such as warrants,
- Listed derivatives, such index, equity or commodity options & futures.

And the following markets:

- Regulated Markets,
- MTFs,
- Other regulated markets or foreign recognized markets.

3. Best Execution Policy

With respect to the portfolio management of its collective investment schemes and other portfolio management activities, UBI's Best Execution Policy aims to obtain the best possible result when UBI executes orders on the aforementioned OTC markets. UBI has defined the following factors and criteria when executing orders vis-à-vis third party ISP counterparties within each aforementioned asset class:

- Price of the transaction,
- Cost of the transaction,
- Speed of the transaction,
- Probability of successful execution and settlement,
- Size of the order,
- Nature of the order,
- All other considerations that might contribute to the quality of the execution of the order.

The primary factor(s) and criteria for assessing the execution may vary according to the clients' instructions, characteristics and categorisation (as defined under the MiFID).

In cases where UBI provides portfolio management services to a non-professional client, the total cost factor (price, commissions, taxes) will be the primary criteria.

Where UBI acts on behalf of its collective investment schemes or provides portfolio management services to its professional clients, UBI generally retains the price and volume as primary criteria. However UBI, acting in the best interest of its Clients may retain one or more other best-execution factors as the prevailing criteria, taking into account the nature of the financial instrument and subject to the prevailing market conditions.

Depending on the underlying OTC markets, UBI shall seek several quotes (with a minimum of two) from ISPs selected from its authorized counterparties (see the Approved Counterparty List) in order to ensure that it obtains the Best Execution of the trades carried out on behalf of its Clients.

■ **Case of special orders / specific instructions**

While executing special orders, for example orders subject to a threshold or in the case of orders with specific instructions given by a client, these instructions shall override best-execution requirements hereabove. It is important to emphasise that when a client gives specific instructions (for example a limit order or execution on a specific venue) in relation to the execution of an order, the order will be



executed accordingly and UBI will be considered as having satisfied its best execution obligations in respect of the part or aspect of the order to which the client's instructions relate.

■ **Case of pooled orders**

In certain circumstances UBI may pool Client orders. Pooled orders may be more or less advantageous for Clients than non-pooled orders depending on numerous factors including the market conditions, the size of orders and the time required to fully execute such orders.

In the event that orders have been pooled, the Clients are informed that: 1) the pooling of the orders could in certain cases be less favourable for them than the execution of a non-pooled order; and 2) that UBI has established beforehand an equitable preallocation policy in order to protect its Clients' best interests.

When Client orders are pooled UBI ensures that these operations do not harm its Clients' interests and that transactions have been correctly allocated.

Meanwhile, UBI has set up procedures to prevent the reallocation of orders on terms that would be unfavourable to the client and monitor trades to ensure the preallocation of orders.

■ **Best Execution monitoring**

The first level of monitoring of the Best Execution Policy is performed on a daily basis and is part of the portfolio management team's process under the responsibility of Head of Convertible Bonds and and UBI's Risk Officers and includes the following controls:

- The third-party ISP is duly authorised,
- Several quotes are sought in accordance with the Best Execution Policy,
- The trades are consistent with the Best Execution criteria hereabove,

UBI's Risk Officers' controls are reported to UBI's Risk committee on a monthly basis.

The second level controls are carried out by UBI's Compliance and Internal control team (the "CCI") on a quarterly basis using a sampling method and ensure that the portfolio management team's process has been applied in accordance with the Best Execution Policy. The controls include:

- The third-party ISP is duly authorised,
- Several quotes are sought in accordance with the Best Execution Policy,
- Trades are carried out with the best quote obtained,
- In cases where the trades are not carried out at the best price quoted, that such trades are justified with respect to the other Best Execution criteria hereabove,
- Pooled orders are applied in compliance with preallocation rules and that the Client's best interests are ensured.

The CCI's second level controls are reported to UBI's Compliance and internal control committee on a quarterly basis. The CCI's findings and recommendations are reviewed by the committee and where necessary corrective measures are implemented.



4. Best Selection Policy

With respect to the portfolio management of its collective investment schemes and other portfolio management activities, where UBI entrusts the execution of its Clients' trades to third party ISPs, it's UBI's responsibility to make sure that the ISP it has selected seeks to obtain the best possible outcome when executing of the orders entrusted to it by UBI. As the case may be, UBI uses the resources made available by UBP Group for the purpose of selecting and assessing third party ISPs such as third-party due diligences and periodic reviews.

For each "on-market" transaction, UBI's portfolio managers are responsible for selecting, in accordance with the Best-Selection Policy, third-party ISPs exclusively from the Approved Brokers List. The third-party ISP retained by UBI is in turn expected to provide best execution for each such transaction taking into account the price, cost and speed of the transaction, the likelihood of execution and settlement being completed, the size and nature of the order and all other considerations regarding execution of an order.

5. Best Selection monitoring

The first level of monitoring of the Best Selection principles is performed on a daily basis and is part of the Portfolio Management, Middle Office and Risk process. It may include the following controls:

- The third-party intermediary is duly authorised (see Approved Brokers List),
- The total cost of the trade (price, brokerage commission, taxes) is consistent with the principles defined in this Best Selection Policy (size of the order, volume, trading venue specific instructions from the client, etc.).

All the transactions executed with third-party intermediaries are consolidated in order to supervise the brokerage volume and/or fees. This data is retrieved by the Risk Officers and presented during the monthly Risk Committee meeting.

In addition, UBI's Risk Officers conduct an annual review of its third-party ISPs. The Portfolio Management and Middle Officers take part in the periodic review, and provide a score for each third party ISP. The Risk Officers analyse the results, verify the consistency of the scoring and update the Approved Brokers List. The final scoring is presented to the Risk Committee.

Depending on their assessment, third-party intermediaries may be added to or removed from the Approved Brokers List. This approval or disapproval process is set out in UBI's procedure relating to "Intermediaries follow-up and selection".

Compliance and Internal Control will perform periodic checks as part of the internal control plan.

6. Policy review

UBI periodically monitors the effectiveness of its current Best Execution & Best Selection Policy to identify whether any changes are necessary.

Accordingly, UBI will make the necessary amendments and inform its clients through the company's website or the collective investment scheme notices, as it deems appropriate.



7. Recordings and Archiving

All data relating to trading activities are recorded on a durable support on UBI's internal servers and duplicated on UBP Group's infrastructure for a minimum of five years.