

# **Swiss Life Asset Managers Luxembourg**

## **Best Execution and Best Selection Policy**

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# 1. Purpose

Swiss Life Asset Managers Luxembourg (hereafter “SLAM LUX”) is a management company within the meaning of chapter 15 of the Luxembourg law of 17 December 2010 on undertakings for collective investment, and an alternative investment fund manager pursuant to chapter 2 of the Luxembourg law of 12 July 2013 on alternative investment fund managers.

SLAM LUX is also authorized for the management of investment portfolios in accordance with mandates given by investors on a discretionary, client-by-client basis as provided for in articles 101(3) of the 2010 Law and 5(4) of the 2013 Law (“discretionary portfolio management” or “DPM”) and reception and transmission of orders in relation to financial instruments (“RTO”) in accordance with article 5(4) of the 2013 Law.

The purpose of this document is to provide clear, precise and up-to-date information on SLAM LUX best execution and best selection principles and procedures. SLAM LUX will conduct transactions in financial instruments according to this Best Execution and Best Selection Policy (“the Policy”). The aim is to achieve the best possible result for the managed UCITS and AIFs (hereinafter referred to as “the Funds”) to protect their investors as well as the discretionary portfolio management mandates (the “DPM Mandates”) to protect their clients. This Policy applies to all Funds, RTO and DPM Mandates managed by SLAM LUX.

SLAM LUX operates branches in Germany, Italy and Denmark which all provide marketing and the branch in Germany the discretionary portfolio management services. For the avoidance of doubt, this Policy applies to SLAM LUX and the branches (together referred to as “SLAM LUX”).

In cases where the local regulatory requirements of the branch domicile are more stringent than the requirements described in this Policy, the local requirements shall prevail.

## 2. General principles of the Policy and regulatory framework

SLAM LUX will act in the best interests of the managed Funds, RTO and DPM Mandates (together referred to as “Clients”) when executing decisions to deal in the context of the collective and discretionary portfolio management activities. This is also applicable when placing orders to deal on behalf of the Clients with other entities for execution.

This Policy describes in particular SLAM Lux approach to executing orders for Clients that can be treated as professional or institutional counterparties for regulatory purposes.

Best execution is the term used to denote the duty of SLAM LUX to obtain the best possible result under relevant circumstances when executing transactions of behalf of the Funds and DPM Mandates in the types of financial instruments set out in the Policy.

Best execution is a process, it is not a result. This means that SLAM LUX acts in accordance with the principles described herein but cannot guarantee that in all circumstances and in every case the best possible result will be achieved.

When executing transactions on Client’s behalf, SLAM LUX shall act in the best interests of Clients. When SLAM LUX buys or sells financial instruments for which best execution is relevant, SLAM LUX endeavors to obtain the best possible result taking into account the best execution factors listed below.

### Delegation of portfolio management:

Depending on the business model, SLAM LUX may delegate the portfolio management for Client to other portfolio managers (intra- or extra-group). SLAM LUX still remains responsible to act in the best interests of the managed Clients and ensures that the portfolio managers to whom the execution of transactions has been delegated by SLAM LUX are properly regulated and supervised and are

required to have their own Best Execution and Best Selection Policy in place. In case where SLAM LUX has delegated the Portfolio Management, SLAM LUX will also ensure that these portfolio managers and apply the below factors in seeking best execution. This is included in the initial and ongoing Due Diligence and Oversight process on delegates.

Executing financial instruments, which fall under the best execution rules (e.g. transferable securities, money market instruments, shares/units of funds or options, futures and swaps), SLAM LUX is complying with these rules via a dedicated Portfolio Management team following the investment process.

#### Applicable regulations:

The following main regulations and their implementing local decrees and technical standards are applicable:

- Markets in Financial Instruments Directive 2014/65/EU (MiFID II)
- Luxembourg Law of 30 May 2018 on markets in financial instruments
- Commission Delegated Regulation (EU) 2017/565
- CSSF Regulation 10-04, as amended
- CSSF Circular 18/698
- For Clients in Germany: German Securities Trading Act (Wertpapierhandelsgesetz – WpHG)

## 3. Client instructions

If an explicit instruction has been received from a client in relation to an order or a type of financial instrument, SLAM will follow that instruction as far as reasonably possible when executing that trade. By following a specific client instruction, SLAM's best execution obligation to the client will be deemed to be satisfied in relation to some or all transactions to which a client instruction relates. However, where an explicit instruction covers only one part or element of an order, this Policy shall apply to the rest of the order not covered by the explicit instruction. In the case of explicit instructions, SLAM is not obliged to adhere to the best execution principles described in this Policy to the extent of the client instruction which shall take precedence.

## 4. Best execution

### 4.1. Factors of best execution

SLAM LUX will take all reasonable steps in seeking to obtain the best possible result for the Clients, taking into account particularly the following factors with respect to a particular order:

- **Price:** The price of a financial instrument depends above all on the structure of the pricing process. In particular, the spread between the highest bid on the demand side and the lowest offer on the supply side, depending on the order volume, must be considered.
- **Costs:** In addition to the price, the costs directly associated with the execution, such as fees, commissions and compensation to third parties, must also be taken into account together with implicit costs.
- **Speed of execution and settlement:** The speed of execution and settlement depends to a large extent on the liquidity at the execution venue, its opening hours and the performance of the systems. The settlement speed is defined as the period of time that elapses between the placement of the order on the market and the final execution of the order.
- **Reliability of settlement:** The speed of the settlement may depend on a number of different factors. Some of the key factors include the absence of operational errors, the correct execution of trading instructions, a smooth settlement process and immediate and simple problem-solving.

- **Order type and size:** Not all brokers or counterparties are able to process efficiently orders of any size. Selection may therefore depend on sufficient trading capacity. It must also be considered whether the respective brokers or counterparties are connected to the systems and trading venues that are required by SLAM LUX to execute or place orders for the various financial instruments.
- **Likelihood of execution:** The probability of order execution depends primarily on the ability of the selected brokers or counterparties to execute orders at market prices, depending on type, structure and size, and on their links to the relevant trading venues.
- Any other consideration relevant to the execution of the order: In addition, other factors that may be relevant to the execution of orders may also be taken into account in best execution. This may be, for example, the economic stability and rating of a broker or counterparty, or their flexibility in implementing specific trading strategies.

#### 4.2. Relative importance of factors of best execution<sup>1</sup>

In general, the relative importance of such factors shall be determined by reference to the following criteria:

- The objectives, investment policy and risks specific to the Clients, as indicated in the prospectus, offering documents, portfolio management agreements or equivalent.
- The characteristics of the order, including whether any specific client instructions are given.
- The characteristics of the financial instruments that are the subject of that order.
- The characteristics of the execution venues to which that order can be directed.
- The investment intent of the portfolio manager who created the order.
- Prevailing market conditions such as the degree of liquidity and volatility in the market.

The relative importance of these factors for each type of instrument is specified. Upon request SLAM LUX provides the Clients with further information.

During the trading process when applying consideration to each execution factor, SLAM LUX will use their expertise and experience to achieve the best balance across the full range of factors; including where they may conflict with each other. Overall, this may mean that it can appear that best execution (taking into account the characteristics of each trade) for every transaction has not been achieved, despite good faith efforts to seek best execution.

#### 4.3. Financial instruments and best execution factors

Depending on the type of the financial instrument the best execution factors can be weighted in a different order.

For equities, exchange-traded funds and exchange-traded derivatives: the orders are generally routed via trading facilities to brokers for execution on the respective stock exchanges. Therefore, the first best execution factors considered are costs of order execution, speed of the settlement and size and nature of order.

For time deposits and fixed-term deposits: the quotes are obtained from various brokers and counterparties and the deal is generally awarded to the counterparty offering the best interest rate. Therefore, the price of the financial instrument and the size and nature of the order are the first factors to be considered in determining best execution, followed by the cost of executing the order.

For bonds (fixed income/debt securities): decisions are based on the availability of market offers. Given the sometimes low liquidity in the bond market, factors such as order size, broker offers, and other restrictions can influence the trading process. Whenever possible, prices are requested from multiple brokers to ensure competitive pricing. Trading primarily occurs on the secondary market, although in certain cases, transactions are executed on a stock exchange via a broker.

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<sup>1</sup> Note: these factors of best execution would not be applicable for the RTO activity.

Over-the-counter (“OTC”) derivatives, including commodities, interest rates, credit default swaps, forward foreign exchange transactions, and FX options, are executed based on standardized OTC master agreements, such as ISDA or equivalent, between the Client and the respective counterparty. Whenever feasible, offers from various counterparties with whom master agreements are in place are compared. These offers are obtained either bilaterally or through a request for quote via a trading platform.

Best execution rules are not applicable to Forex spots and real assets.

## 5. Best selection

In general, placement of orders in listed securities/assets will not be transferred directly by SLAM LUX to the market, but through intermediaries (e.g. brokers, banks or other counterparties). Therefore, the duties of SLAM LUX are related to the selections of these intermediaries.

The selection of brokers and counterparties will be made to achieve the best possible result. To ensure this, SLAM LUX will only pass orders to brokers and counterparties, which were selected through an evaluation and selection process. On the basis of granted approvals a list of agreed approved brokers and counterparties is established. Prohibited practices with respect to the selection of intermediaries:

- Trades must not be directed in exchange for gifts, entertainment, or broker proprietary research
- Trades must not be directed in exchange for error correction by the broker
- Trades must not be directed in exchange for preferential treatment in IPOs or placements
- Trades must not be directed in exchange for investment ideas if SLAM LUX cannot meet its best execution obligations
- Traders must not be influenced by personal conflicts of interest. Any such conflicts must be disclosed to the responsible compliance officer
- Trades must not be executed directly between a Client portfolio and any personal account without approval from responsible compliance team, even if an independent broker is used.

## 6. Client information

SLAM LUX is obliged to provide Clients with details on the Policy in good time prior to the provision of its services. This information shall include the following:

- An explanation of the relative importance SLAM LUX assigns to the execution factors as outlined in section 4
- A list of the execution venues used, if any
- A list of factors considered when selecting an execution venue, if any
- A description of how the execution factors in section 4 are incorporated to ensure the best possible result for the Client
- Notification that SLAM LUX executes orders outside a trading venue and the associated consequences
- A clear and prominent warning that any specific instructions from a Client may prevent SLAM LUX from achieving the best possible result in executing those orders.

If a Client makes reasonable and proportionate requests for information about this Policy and its review process, SLAM LUX (including its branches) or its delegates must respond within a reasonable timeframe.

The client will be provided with adequate reports in a durable medium containing the information mentioned in Directive 2014/65/EU as far as applicable for the status of the relevant client.

## 7. Exceptions

Market conditions or system breakdowns may lead to a deviation from the procedures and principles mentioned in this policy. In such circumstances, an order may not be placed in compliance with these principles. However, SLAM LUX will make best efforts to achieve the best possible result for its Clients.

With respect to DPM Mandates, priority is given to client instructions over this policy. In this case, the order will be followed by the client instructions and not in accordance with this Best Execution and Best Selection Policy.

## 8. Review of the Policy and entry into force

SLAM LUX will monitor on a regular basis and at least once a year the effectiveness of the Best Execution and Best Selection Policy and the execution arrangements in place. The controls are conducted retrospectively to identify situations where changes may be needed and to correct any deficiencies as necessary.

A review is also carried out whenever material change in the market environment occurs that may affect SLAM LUX ability to achieve the best possible result.

SLAM LUX informs its Clients of any significant changes of this Policy for download on the websites of all relevant entities within its scope. Additionally, SLAM LUX publishes an annual report listing the five most important brokers and execution venues by trading volume for each class of financial instruments, along with an assessment of the execution quality achieved (Top Five Reporting).

The revised Policy enters into force on 1 September 2024.