

## Order Execution Policy

### Information on INTERMONTE's Execution Policy

The new MiFID II legislative framework (Directive 2014/65/EU of the European Parliament and of the Council) requires investment companies to adopt measures suitable for obtaining the best possible result for clients when executing orders on their behalf.

For this purpose, Intermonte has put in place arrangements to enable the delivery of Best Execution, including an Order Execution Policy, information about which is set out below.

### The Best Execution obligation

In accordance with the MiFID II Directive and the relevant implementing legislation, when we execute an order on your behalf, we will, unless you specifically instruct us otherwise, take all reasonable steps to obtain the best possible result for you in accordance with MiFID II and our Execution Policy, taking a range of factors into account including the price, costs, speed, likelihood of execution and settlement, size and nature of the order, or any other consideration relevant to the execution of the order.

If you give us specific instructions as to how you wish your order to be executed that are acceptable to Intermonte, we will follow those instructions. This may prevent us from taking the steps that we have designed and implemented to obtain the best possible result for the execution of your orders.

This is also the case for clients who use an interconnection system to Intermonte for direct access to Borsa Italiana in order to send orders, or for clients who give care orders.

### Clients to whom the Order Execution Policy applies

This Order Execution Policy applies to Intermonte clients classified as **professionals** who submit orders to be executed on their behalf involving financial instruments covered by the MiFID II directive.

## **When Intermonte acts as a dealer Best Execution does not apply**

When we quote or negotiate with you the terms of a transaction in which we are willing to deal with you as principal, we will not be executing an order on your behalf and therefore Best Execution will not apply.

This kind of trading is a feature of transactions in OTC products, which are typically transacted on a principal basis and do not involve a firm executing orders on behalf of a client. Where the client has given explicit consent to the execution of orders outside a trading venue (pursuant to art. 27.5 of the MiFID II Directive), Intermonte, in accordance with market practice, acts as a dealer on the wholesale OTC derivatives, Bond and ETF markets by dealing on its own account each time it enters an OTC transaction with a client.

In practice, this means that for transactions of this type on OTC products, Intermonte will act as direct counterparty of the client.

In the wholesale markets, the client may obtain prices from various dealers ("request for quote"). Consequently, in this circumstance, the client does not rely on Intermonte to obtain the best possible result on its intended transaction and therefore Intermonte is not obliged to guarantee Best Execution.

Where a client requests Intermonte to quote a price for a certain quantity of a specific instrument Intermonte will communicate a price to the client that takes various criteria into account including but not limited to one or more of the following:

- the client's credit risk and limit;
- Intermonte internal risk policy;
- the characteristics and price of the underlying instrument (for derivatives);
- the size of the intended transaction;

The client is at liberty to either accept or reject the quote given.

## **Execution venues**

Our Execution Policy includes several execution venues that may be used for each of the financial instruments covered by MiFID in respect of which Intermonte executes orders on behalf of clients.

These execution venues consist primarily of regulated markets. Indeed, we predominantly use this type of venue because we believe that in the current environment regulated markets systematically enable us to obtain the best possible result for the execution of your orders, a consideration that holds particularly true in the specific case of the Italian market. As a consequence, we may execute orders on an execution venue which is not a regulated market under MiFID only when the regulated market is not sufficiently liquid in respect of the specific financial instrument; moreover, we only act on our own account under particular circumstances, and we stress that Intermonte will never act as a systematic internaliser.

If you give Intermonte an order for a share and Intermonte is not a member of the most liquid regulated market for that share, we will transmit your order to another broker or dealer for execution. In this case we will either take steps to determine the

ultimate execution venue ourselves on the basis described above, and instruct the other broker or dealer accordingly, or we will satisfy ourselves that the other broker or dealer has arrangements in place to enable us to comply with our Best Execution obligations to you, and any such arrangements must be consistent with the Order Execution Policy adopted by Intermonte SIM.

### **Relevant factors**

Subject to any specific instructions that we accept from you, when there is more than one possible trading venue for the financial instrument to which your order relates, we take into account a range of factors in deciding which trading venue or venues to use for the execution of your order, including:

- price,
- costs,
- speed,
- likelihood of execution and settlement,
- size,
- nature

together with any other consideration relevant to the execution of the order. Intermonte will base its determination of the relative importance of such factors on the following criteria: your status as a professional client; the nature of your order; the characteristics of the financial instruments to which the order relates; and the characteristics of the execution venues to which the order can be directed.

We will generally give the highest priority to the total consideration, consisting of the price of the financial instruments in question and the costs related to execution. However, we may at our discretion prioritise other factors, including the impact on market prices of displaying and executing your order, the speed and likelihood of execution and the possibility for price improvement.

We may prioritise such other factors where there is insufficient immediately available liquidity on the relevant execution venue(s) to execute your order in full, where you instruct us to execute your order over a period of time or by reference to a benchmark calculated over a period of time or where we determine that there are other circumstances such that obtaining the best immediately available price may not be the best possible result for you.

In determining what is the best possible result for you, we do not compare the results that could be achieved for you on the basis of our Execution Policy and fees with results that might be achieved for you by another investment firm on the basis of that firm's execution policy or a different structure of commission or fees, nor do we compare the differences in our own commissions or fees which are attributable to the nature of the services that we provide to you.

When a number of venues are available to which the order could be routed for execution, Intermonte can use Smart Order Routing, which takes account of a range of set factors in order to automatically select the trading venue offering the best execution conditions.

## Classes of Financial Instruments

The relevant factors to be considered in order execution are listed in order of priority for each of the following classes of financial instrument:

- **SHARES:** 1) price; 2) cost; 3) speed; 4) order size; 5) likelihood of execution
- **DEBT INSTRUMENTS (BONDS):** for the execution of non-directed orders, Intermonte carries out preliminary verification of the best price obtainable for the whole order among the various execution venues, via crossing where advantageous. In the event of an excessive bid/ask spread, the suitability, where feasible, of placing an order on the book will be assessed. Execution and settlement costs are aligned and only have a marginal impact.
- **DERIVATIVES (SECURITISED or EQUITY):** 1) price; 2) cost; 3) speed; 4) order size; 5) likelihood of execution
- **EXCHANGE TRADED PRODUCTS (exchange traded funds, exchange traded notes and exchange traded commodities):** for the execution of orders, Intermonte carries out preliminary verification of the best price obtainable for the whole order among the various execution venues (regulated markets and Bloomberg MTF) via crossing. In the event of an excessive bid/ask spread, the best price will be considered. Execution and settlement costs are aligned and only have a marginal impact.

## Execution venues

Financial Instruments Listed in Italy		
Financial Instrument	Services Provided	Trading Venues
Equity Stocks	Execution of orders on behalf of clients	MTA*,TAH*, MIV*, AIM*, CBOE*
	Dealing as principal	-
Bonds	Execution of orders on behalf of clients	MOT*, ExtraMOT*, EuroTLX*, Bloomberg MTF*, Market Axess*, Bond Vision*
	Dealing as principal	-
ETF	Execution of orders on behalf of clients	ETFPlus*
	Dealing as principal	-
Listed Derivatives	Execution of orders on behalf of clients	IDEM*
Covered Warrants	Execution of orders on behalf of clients	SeDeX*
* Intermonte has membership with direct access to the market		

For orders concerning financial instruments listed on Italian regulated markets, Intermonte considers these markets to be the most suitable execution venue; Intermonte has therefore opted for markets managed by Borsa Italiana S.p.A. as the main execution venue. For the trading of shares, Intermonte has selected CBOE as an alternative and supplementary venue to Borsa Italiana S.p.A. markets, and the choice of whether to direct an order to one venue or the other will be made at the time of order execution based on the aforementioned criteria, with price the primary consideration for shares.

Orders for financial instruments listed on foreign regulated markets on which Intermonte does not operate directly will be transmitted to a broker (including through interconnection) whose Order Execution Policy is in line with Intermonte's.

The choice of broker will be made according to the following criteria: competitive cost, history of order execution, ability to provide order offset and settlement services, market access, perceived credit-worthiness, reputation and financial stability, and the size of the order.

<b>Financial Instruments Listed in Other Countries</b>			
<b>Financial Instrument</b>	<b>Services Provided</b>	<b>Trading Venues</b>	<b>Entities which orders are placed with</b>
Equity Stocks	Execution of orders on behalf of clients	CBOE*	-
	Reception and transmission of orders	-	Foreign Brokers**
Bonds	Execution of orders on behalf of clients	EuroMOT*, ExtraMOT*, EuroTLX*, MarketAxess*, Bloomberg MTF*, Bond Vision*	-
	Dealing as principal	-	Intermonte's account
ETF	Execution of orders on behalf of clients	-	Foreign Brokers**
	Dealing as principal	-	Intermonte's account
Derivatives	Reception and transmission of orders	-	Foreign Brokers**
	Dealing as principal	Eurex	-

Certificates	Execution of orders on behalf of clients	EuroTLX	-
	Dealing as principal	-	Intermonte's account
Covered Warrants	Reception and transmission of orders	-	Foreign Brokers**
<p>* Intermonte has membership with direct access to the market  ** Intermonte is interconnected to the majority of International markets (see list of International markets used)</p>			

<b>The main markets to which Intermonte has access through brokers</b>	
<b>Countries</b>	<b>Trading Venues</b>
Australia	Australian Securities Exchange
Austria	Vienna Stock Exchange
Belgium	NYSE Euronext Brussels Stock Exchange
Canada	Toronto Stock Exchange
Czech Republic	Prague Stock Exchange
Denmark	OMX Copenhagen Exchange
Finland	OMX Helsinki Exchange
France	NYSE Euronext Paris Stock Exchange
Germany	Frankfurt Stock Exchange
Greece	Athens Stock Exchange
Hong Kong	Hong Kong Exchanges
Hungary	Budapest Stock Exchange
Ireland	Dublin Irish Stock Exchange
Israel	Tel Aviv Stock Exchange
Japan	Tokyo Stock Exchange
Netherlands	NYSE Euronext Amsterdam Stock Exchange
New Zealand	New Zealand Stock Exchange
Norway	Oslo Stock Exchange
Poland	Warsaw Stock Exchange
Portugal	NYSE Euronext Lisbon Stock Exchange
Singapore	Singapore Exchange
South Africa	Johannesburg Stock Exchange
Spain	Madrid Stock Exchange
Sweden	OMX Stockholm Exchange
Switzerland	Virt-X
	SWX Swiss Exchange
Turkey	Borsa Istanbul Stock Exchange
UK	London Stock Exchange
	London International Stock Exchange
USA	American Stock Exchange
	NASDAQ
	New York Stock Exchange

As per MiFID II regulations, Intermonte reports the top five execution venues and the top five brokers ranked by executed trading volume in the previous year. The report is available at: <https://www.intermonte.it/it-it/Legal-Information/MiFid-II>

## **Monitoring and review**

We monitor the effectiveness of our order execution arrangements and Execution Policy on an ongoing basis to identify and implement any appropriate enhancements. In addition, we regularly review whether the execution venues included in the Execution Policy and the brokers and dealers to whom we transmit orders for execution provide for the best possible result for our clients on a consistent basis and whether we need to make changes to our execution arrangements. We will notify you of any material changes to the above description of our order execution arrangements and Execution Policy.

## **The reasons why Intermonte occasionally does not use Regulated Markets**

Where the client has given explicit consent for execution of the order outside a trading venue, the actions that may be taken are as follows:

### **Equity Stock**

#### **Execution of orders outside a Regulated Market or MTF**

Where possible and only for orders not transacted through electronic systems, Intermonte can maximise execution quality for your orders while minimising market impact by crossing matching orders (buy-sell) or, alternatively, by Intermonte acting on its own account. Where such execution outside of a regulated market or MTF is performed, the price adheres to the execution instructions of the order and we will emulate or improve the price that could have been achieved on the exchange.

#### **Crossing your orders with matching orders from other clients**

Where we can trade to your advantage (or at no disadvantage to you) by crossing your order with a matching order from another of our clients, we will cross all or part of your order. Orders will not be held up to facilitate crossing. If a client order cannot be crossed at a particular point in time or if one party would not benefit from crossing, execution on exchange will continue.

Matching client orders will be crossed manually by the trader at the price negotiated with the buyer and seller.

#### **Intermonte dealing on own account**

Similarly, when Intermonte believes it can trade to your advantage in terms of price, speed, likelihood of execution, or any other relevant consideration, by dealing on its own account, Intermonte may execute all or part of your order in this manner.

Crossing your orders with matching orders from other clients or Intermonte dealing on its own account can:

- reduce the market impact costs you may incur by placing the order on a regulated market of MTF;
- provide an improvement on the bid/offer price that you as seller/buyer would otherwise have achieved had the order been executed in the market;
- increase the chances of your order being executed, thereby decreasing the opportunity costs you would incur through being unable to execute the order.

However, in the event that you do not wish your order to be crossed with other client orders or directly with Intermonte, you may instruct us to that effect. This will be treated as a specific execution instruction, and we will work to achieve the best possible result for your order within the scope of that instruction.

### **Bonds**

Although many bond instruments are listed, only a small proportion of these are effectively traded on a regulated market. The vast majority of bonds are actually traded by "market makers" on trading platforms for institutional clients (Bloomberg MTF, Market Axess, Bond Vision). The sporadic nature of trading on the majority of these instruments means that, on the one hand, benchmarks are not normally available to enable an evaluation of the quality of the transaction (especially in terms of price), and on the other that the "probability of execution" of an order (especially for non-government bonds) becomes as important as the price for clients. For these reasons Intermonte also makes use of the aforementioned trading platforms.

### **Derivatives and ETF**

Trading of derivatives and ETF usually arises as a consequence of a client submitting requests for quotes on the instrument to a number of brokers; on receipt of the various quotes, the client then decides whether to carry out the transaction and if so with whom. In those instances, whenever the client concludes, as is his prerogative, that in his view Intermonte does not represent the best available option in regard to the quoted price and / or other aspects of order execution, Best Execution is not applicable as the client assumes direct responsibility for the decision as to which quote represents the best price.

In the case of OTC derivatives and ETF, it is normal market practice for the buyer/seller to simultaneously request quotes from a number of brokers and the parties are aware that by providing its client with a quote, Intermonte is not bound by Best Execution, notwithstanding the fact that Intermonte will act in an honest, fair and professional manner as well as in the best interests of the client.

Nevertheless, if the client so requires or the circumstances of the individual request indicate that the client will deal exclusively with Intermonte as the only broker from whom the client has requested a quote, Intermonte will verify the fairness of the quoted price by comparing it to market prices (assuming that the instrument is quoted on regulated markets or on MTF), or comparable instruments.