

## **INFORMATION ON THE BEST EXECUTION POLICY OF BANCA DEL CERESIO SA**

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## 1 PURPOSE OF THE POLICY

This policy describes the strategy adopted by Banca del Ceresio SA (hereinafter "the Bank") to obtain the best possible result for its Clients when executing and transmitting orders involving financial instruments (so-called "best execution"), as required by the Federal Act on Financial Services (FinSA).

The Client acknowledges and accepts the contents of this best execution policy for any order carried out with the Bank.

## 2 SCOPE OF APPLICATION

The obligation to provide best execution applies to Bank's Clients classified as retail or professional. In general, it does not apply to Clients classified as institutional investors, except for special agreements with the Bank.

The obligation to provide best execution does not apply to Clients who do not rely on the Bank's best execution to protect their interests in connection with the execution of transactions, for example in the case of orders placed with an execution venue on the basis of an existing trading agreement (Trading Authority) between the Bank and the Client or the Client's independent portfolio manager.

The best execution rules apply to all financial instruments within the scope of FinSA.

## 3 DEFINITION OF BEST EXECUTION

Best execution consists of the Bank's obligation to take all sufficient and necessary measures to systematically obtain the best possible result for the Client when executing orders directly on behalf of Clients (including execution as principal) or when transmitting Client orders to third-party financial intermediaries (e.g. brokers/agents) for execution.

## 4 EXECUTION FACTORS AND CRITERIA

### 4.1 BEST EXECUTION FACTORS

In order to obtain best execution for the Client, the Bank considers the following execution factors:

- **Price:** the price at which a financial instrument is bought or sold.
- **Cost:** the costs directly related to the execution of the transaction, taking into consideration all expenses incurred by the Client including execution venue fees, execution and settlement fees, Bank fees, and other third-party charges.
- **Speed of execution:** the time needed to execute the transaction, including settlement.
- **Likelihood of execution and settlement:** the likelihood that the Bank will be able to conclude the transaction.
- **Volume:** the size of the transaction executed for a Client.
- **Nature of the transaction** and any other consideration relevant to execution of the order.

### 4.2 APPLICATION OF BEST EXECUTION FACTORS

The Bank weights the execution factors on the basis of its experience and taking due consideration of the following additional criteria:

- **Client:** the characteristics of the Client, including classification as retail or professional.
- **Order:** the characteristics of the order (e.g. limit order), including volume.
- **Financial instrument:** the characteristics of the financial instrument in question.
- **Execution venue:** the characteristics of the execution venues to which the order may be directed.
- **Market conditions** or other considerations relevant to execution of the order.

The Bank generally gives more importance to price and cost factors (so-called "total consideration") in order to obtain the best execution. However, in specific cases the Bank may give priority to factors other than price and cost, e.g. in the case of transactions in illiquid securities where the likelihood of execution and market impact take on greater importance, or in the case of high-volume orders where the likelihood of execution is more relevant.

### **4.3 SPECIFIC CLIENT INSTRUCTIONS**

If the Client gives specific instructions for order execution (e.g. execution venue or price limit), the Bank shall comply with such instructions, departing from this policy only for the scope of the instructions received. For those aspects of the order not covered by the Client's instructions, the Bank will comply this policy to the extent possible.

The Client acknowledges and accepts that any specific instructions given by the Client may limit and/or render inapplicable the measures described in this policy, and therefore in such circumstances it may not be possible to obtain best execution for the Client.

In such cases, the Bank's best execution obligations are considered satisfied by executing the order in accordance with the Client's instructions.

It is important to note that the Bank reserves the right to reject any Client instructions that conflict with stock exchange rules, self-regulation, or the Bank's internal regulations.

### **4.4 TRANSACTIONS WITH LIMITED BEST EXECUTION DISCRETION**

Best execution principles will be applied for transactions involving new issues (so-called "IPOs") and the purchase and sale of mutual fund and alternative investment fund units. Due to the characteristics of these markets, the Bank has limited discretion in defining the execution parameters of these orders, and some obligations are therefore considered to be fulfilled per se.

## **5 EXECUTION OF ORDERS**

### **5.1 IN GENERAL**

The Bank has implemented suitable organizational measures and internal regulations, including this policy, in order to obtain best execution for the Client.

### **5.2 EXECUTION METHODS**

The Bank has three options for executing Client orders:

- The Bank may choose to execute an order itself, either by placing the order on an external execution venue, OTC, or by executing the order as a principal.
- The Bank may choose to transmit Client orders to an intermediary broker, including group companies, in which case it is deemed to offer the order transmission service.
- The Bank may act as a nominee for the issuer, in particular for mutual funds and alternative investment funds, in which case it will effect Client transactions within the scope of its recognized capacity.

### **5.3 TYPES OF EXECUTION VENUES**

In general terms, the Bank may select from different types of execution venues, for example:

- Stock exchanges and regulated markets.
- Multilateral trading facilities (MTFs).
- Organized trading facilities (OTFs).
- Systematic internalizers (SIs).
- Internalization within the Bank.

### **5.4 FACTORS FOR SELECTING EXECUTION VENUES**

In the process of selecting execution venues, the Bank applies its own due diligence and approval criteria by assessing order execution capacity in relation to this policy. In order to determine the execution venues that will consistently provide best execution to Clients, the Bank considers the following factors:

- **Liquidity and price:** the Bank selects execution venues that it believes provide good liquidity and price.
- **Credit and settlement risk:** the Bank selects only those execution venues where it is possible to determine the obligations both for the Bank and for the counterparty when settling a transaction and resolving any failed settlement.

- **Operating model and infrastructure:** the Bank selects execution venues that it believes offer secure, reliable technical infrastructure in order to provide stability for uninterrupted trading.
- **Speed and likelihood of execution:** the Bank selects execution venues that it believes provide quick and efficient access for execution.
- **Cost:** the Bank selects execution venues that it believes charge reasonable costs. In general, the Bank's execution fees reflect both the cost of providing its own services combined with the costs that are expected to be incurred when using an external execution venue.

The Bank does not unfairly discriminate between venues or types of execution, but makes a decision by weighing all execution factors. As a rule, it will choose the main trading venue and/or the venue where it customarily operates. If the Bank allows Clients to select an alternative execution venue, it will provide fair, clear, and not misleading information to support this decision that is. No information provided by the Bank should be construed as a recommendation to select a particular venue or type of execution.

## **5.5 SELECTED EXECUTION VENUES**

The Bank prepares a list of the execution venues, for each category of financial instrument, that it uses most frequently to obtain best execution for the Client. The list contains the execution venues on which the Bank can rely on a continuous basis.

The selected execution venues are listed in Annex 1 of this policy.

The Bank reserves the right to use other execution venues not included in this list if it establishes that this is necessary to achieve the best possible execution for the Client.

## **5.6 TRANSMISSION OF ORDERS TO BROKERS**

When executing Client orders, the Bank may choose to use brokers to assist in the execution of Client trades. Brokers and intermediaries are selected by assessing the degree of conformity of their execution and transmission policies with this document.

The Bank periodically checks that the brokers used are able to provide the appropriate level of expertise and the necessary experience in executing orders in the respective market. It also periodically ensures that, while considering all relevant execution factors, execution is provided on the basis of the best possible result for the Client.

The use of brokers is intended to provide specific benefits to Client order execution. These benefits include, but are not limited to, governance, oversight and transparency of an order, consistency of order handling, and front-to-back trade processing.

## **5.7 ORDER HANDLING/MANAGEMENT**

Client orders are handled in order of receipt, unless this is impractical due to the order's characteristics or market conditions, or is not in the Client's best interest.

The Bank processes Client orders quickly and fairly, in accordance with market conventions, by transmitting them to the most appropriate execution venue and/or executing them as a direct counterparty by buying/selling the financial instrument from/to the Client. In such situations the Bank may charge the Client a trading fee or incorporate it into the price (so-called "fixed-price trades") and determines the price in accordance with the market parameters and conditions.

The Bank reserves the right to refuse to execute an order if for technical or operational reasons it cannot be executed correctly. Such refusal to execute shall be promptly communicated to the Client together with the rationale of why execution was not possible.

If access to the execution venues is not possible due to technical or operational anomalies, force majeure, trading limitations (e.g. trading suspensions for excessively high or low prices), or other extraordinary situations, the Bank does not guarantee the timely execution of orders and/or compliance with this policy. For further information, please refer to the Bank's General Terms and Conditions and Deposit Regulations.

In case of situations of difficulty or impossibility of order execution, the Bank will inform the Client as soon as possible.

### **5.8 ORDER AGGREGATION**

The Bank may aggregate Client's orders with the orders of other Clients and/or with trades on its own account, if it is unlikely that this will disadvantage the Clients whose orders are aggregated. However, with respect to any single order, such a disadvantage to the Client cannot be excluded.

Clients are allocated the quantity of financial instrument requested in the order using the weighted average price of the executions.

In the event of partial execution, the orders are allocated *pro rata* taking into account the minimum trading lots. Any quantity that cannot be allocated on a *pro rata* basis is allocated according to the time of receipt of the order or, if this is not possible, by some other method that achieves the greatest possible equity among the Clients whose orders have been aggregated.

### **5.9 EXECUTION OUTSIDE A REGULATED MARKET**

In order to comply with its best execution obligations, the Bank may execute orders for instruments bought and sold in trading venues outside of those venues (so-called "off-market" or "over-the-counter [OTC] transactions"). Off-market transactions may be subject to additional risks, particularly counterparty risk. Counterparty risk refers to an event in which the counterparty to a transaction fails to honour its obligations arising from that transaction, for example by not paying for the financial instruments delivered. The Bank seeks to reduce this risk through DVP/RVP transactions. However, the risk cannot be ruled out entirely.

Any Client who has signed the contractual document "Conditions for trading in options and financial futures", unless specifically instructed otherwise, acknowledges and accepts that the Bank may execute transactions off-market in order to meet its best execution obligations towards the Client.

### **5.10 EXECUTION BY NOMINEE**

The execution of Client orders for which the Bank acts as nominee for the issuer (e.g. subscription or redemption of mutual fund units) may limit the Client's own capacity to dispose of the security. For further details, please refer to Article 6 of the Deposit Regulations.

## **6 FEES AND COMMISSIONS**

Wherever it has an obligation of best execution, the Bank must demonstrate that the fees, commissions, and spreads it receives are consistent with the requirement to take all measures sufficient for obtaining the best possible result for the Client.

The Bank shall ensure that spreads charged on transactions where best execution applies are reasonable and not excessive for the type of instrument and the duration and size of the trade.

The Bank does not receive inducements from execution venues that directly depend on the volume of trades assigned to the specific venue.

## **7 DOCUMENTATION OF BEST EXECUTION**

The Bank acquires details of the execution strategies of the brokers and intermediaries it uses and verifies their consistency (and subsequent application) with the best execution strategy of the trading orders for its own Clients, as described in this document.

Where possible, e.g. for bond trades, the Bank generally asks for different prices from certain counterparties in order to ensure best execution.

## **8 MONITORING AND REVIEW OF THE POLICY**

The Bank shall regularly monitor compliance with and the effectiveness of this order execution and transmission policy.

The Bank shall review the policy, including the list of execution venues, on an annual basis. In addition, the Bank shall review this policy when circumstances occur that may have a lasting impact on the ability to obtain best execution for the Client.

The Bank shall make no further notifications to Clients if this policy is revised.

Any revisions to this policy, including the list of execution venues, will be made available to the Client on the Bank's website at the following link [www.ceresioinvestors.com](http://www.ceresioinvestors.com) or can be requested from the Bank. The Client may also request the list of brokers and intermediaries used by the Bank. The relevant relationship manager is available to answer any questions the Client may have regarding this policy.

**ANNEX 1: EXECUTION VENUES**

<b>Type of financial instrument</b>	<b>Execution venue</b>
Equities, ETFs	Through brokers to various trading venues
Money market securities and bonds	Through brokers to various trading venues OTC market
Exchange-traded derivatives	Through brokers to the principal trading venue
Structured products	Through brokers or directly through the issuer OTC market
OTC derivatives	OTC market
Investment funds	Through the fund administrators or execution plat- forms dedicated to the funds OTC market

The list of brokers and intermediaries used by the Bank for trading the various financial instruments is revised and updated annually and is available as part of its best execution policy upon request.

## **ANNEX 2: EQUITIES AND ETFs**

This annex contains further information on best execution for the trading of listed equities and ETFs. The terms stated below may also be applied to new financial instruments with similar execution characteristics.

### **1. Best execution factors**

When executing Client orders, the Bank takes into account the execution factors listed below, typically in the following order:

1. Price
2. Costs
3. Speed of execution

For certain stock exchange orders, speed of execution may be assigned the same priority as or a higher priority than other factors.

### **2. Execution of orders**

The Bank executes Client orders according to the order of priority of execution factors.

### **3. Execution venues**

The Bank executes orders in different execution venues indirectly through selected brokers.



### **ANNEX 3: MONEY MARKET SECURITIES AND BONDS**

This annex contains further information on best execution for the trading of money market securities and bonds. The terms stated below may also be applied to new financial instruments with similar execution characteristics.

#### **1. Best execution factors**

When executing Client orders, the Bank takes into account the execution factors listed below, typically in the following order:

1. Price
2. Speed and likelihood of execution
3. Volume
4. Costs

For orders on generally liquid markets, the Bank assigns a higher weight to speed/likelihood of execution and volume than to cost.

For orders on illiquid markets, likelihood of execution may be the primary factor if it has an impact on total consideration, for example by increasing the price.

#### **2. Execution of orders**

The Bank executes Client orders according to the order of priority of execution factors.

#### **3. Execution venues**

The Bank executes orders in different execution venues indirectly through selected brokers.

## **ANNEX 4: EXCHANGE-TRADED DERIVATIVES**

This annex contains further information on best execution for the trading of exchange-traded derivatives (ETDs). The terms stated below may also be applied to new financial instruments with similar execution characteristics.

### **1. Best execution factors**

When executing Client orders, the Bank takes into account the execution factors listed below, typically in the following order:

1. Price
2. Costs
3. Speed and likelihood of execution

For certain stock exchange orders, speed and likelihood of execution may be assigned the same priority as or a higher priority than other factors.

For orders on illiquid markets, likelihood of execution may be the primary factor if it has an impact on total consideration, for example by increasing the price.

### **2. Execution of orders**

The Bank executes Client orders according to the order of priority of execution factors.

### **3. Execution venues**

The Bank executes orders in different execution venues indirectly through selected brokers.

## **ANNEX 5: STRUCTURED PRODUCTS**

This annex contains further information on best execution for the trading of structured products. The terms stated below may also be applied to new financial instruments with similar execution characteristics.

### **1. Best execution factors**

When executing Client orders, the Bank takes into account the execution factors listed below, typically in the following order:

1. Price
2. Costs
3. Likelihood of execution
4. Speed of execution

### **2. Execution of orders**

The Bank executes Client orders according to the order of priority of execution factors.

### **3. Execution venues**

The Bank executes orders directly through the issuer of the structured product, or in various execution venues indirectly through selected brokers.

## **ANNEX 6: OTC DERIVATIVES**

This annex contains further information on best execution for the trading of OTC derivatives. The terms stated below may also be applied to new financial instruments with similar execution characteristics.

### **1. Best execution factors**

When executing Client orders, the Bank takes into account the execution factors listed below, typically in the following order:

1. Price
2. Costs
3. Speed and likelihood of execution

For certain stock exchange orders, speed and likelihood of execution may be assigned the same priority as or a higher priority than other factors.

For orders on illiquid markets, likelihood of execution may be the primary factor if it has an impact on total consideration, for example by increasing the price.

### **2. Execution of orders**

The Bank executes Client orders according to the order of priority of execution factors.

### **3. Execution venues**

The Bank executes orders through selected brokers that act directly as the counterparty.

## **ANNEX 7: INVESTMENT FUNDS**

This annex contains further information on best execution for the trading of investment funds.

### **1. Best execution factors**

When executing Client orders, the Bank considers only the timeliness of order placement. Subscription orders are executed at net asset value (NAV).

### **2. Execution of orders**

The Bank executes Client orders on the basis of the timeliness of order placement.

The deadline date and time for subscribing to the investment fund is determined by the fund administrator. Orders not notified by the deadline date and time will be processed for the subsequent execution deadline.

### **3. Execution venues**

The Bank executes orders directly through the fund administrator or through execution platforms dedicated to the funds.