

Best execution Policy

Portfolio Management

In line with the regulatory requirements, GFM has implemented procedures and arrangements for:

- (a) the handling of trading orders;
- (b) the reporting obligations in respect of execution of subscription and redemption orders;
- (c) the execution of decisions to deal on behalf of the managed investment funds;
- (d) the placement of orders to deal on behalf of funds with other entities for execution; and
- (e) the aggregation and allocation of trading orders.

In that respect, GFM will:

- (a) ensure that orders executed on behalf of the investment funds are promptly and accurately recorded and allocated;
- (b) execute otherwise comparable orders sequentially and promptly unless the characteristics of the order or prevailing market conditions make this impracticable, or the interests of the investment fund or of the investors in the investment fund require otherwise.

Handling of orders may be delegated to portfolio managers. Compliance with applicable regulation will be ensured through (i) relevant contractual provisions in the investment management agreements and (ii) due diligence checks and controls on the portfolio manager.

Delegation of Portfolio Management

Where this is the case, GFM ensures that the portfolio management is conferred only on undertakings which are authorised or registered for the purpose of asset management and subject to prudential supervision or, where that condition cannot be met, only subject to prior approval by the Luxembourg competent authorities.

The delegation must not prevent the effectiveness of supervision of GFM, and, in particular, must not prevent GFM from acting, or the investment funds from being managed, in the best interests of its investors. GFM's liability towards the investment fund and its investors shall not be affected by the fact that the GFM has delegated functions to a third party, or by any further sub-delegation. GFM shall review the services provided by each delegate on an ongoing basis.

Due Diligence Requirements

- **Due diligence requirements in the selection and ongoing monitoring of investments**

GFM applies a high standard of diligence in the selection and ongoing monitoring of investments. GFM ensures that it has adequate knowledge and understanding of the assets in which the investment funds are invested.

GFM establishes, implements and applies written policies and procedures on due diligence and implements effective arrangements for ensuring that investment decisions on behalf of the investment funds are carried out in compliance with the objectives, the investment strategy and, where applicable, the risk limits of the investment funds.

Specific attention, monitoring and due diligence is made in case of investment in assets of limited liquidity.

- **Due Diligence Requirements in the Selection and Appointment of Counterparties and Prime Brokers**

When selecting and appointing counterparties and prime brokers, GFM exercises due skill, care and diligence before entering into an agreement and on an ongoing basis thereafter taking into account the full range and quality of their services. GFM ensures that those counterparties fulfil all of the following conditions:

- (a) they are subject to ongoing supervision by a public authority;
- (b) they are financially and reputationally sound; and
- (c) they have the necessary organisational structure and resources for performing the services.

The selection and the appointment of prime brokers and counterparties may be delegated to portfolio managers. Compliance with applicable regulation will be ensured through (i) relevant contractual provisions in the investment management agreements and due diligence checks and controls on the portfolio manager.

Record keeping

GFM stores the records of its trading activity as well as all other relevant documents according to the applicable laws and regulations and for a minimum of five years.

Best Execution Policy availability

The Best Execution Policy is available free of charge to investors at GFM's registered office or by writing to:

- Global Funds Management S.A., P.O. Box 289, L-2012, Luxembourg; or to
- info-GFM@nomura.com