

## Best Execution Policy



### INTRODUCTION

Japan Fund Management (Luxembourg) S.A. (“JFML”) is a management company authorised under Chapter 15 of the Luxembourg Law of 17 December 2010, as amended, and an alternative investment fund manager authorised under the Luxembourg Law of 12 July 2013, as amended. JFML manages undertakings for collective investment subject to Part I or Part II of the Luxembourg Law of 17 December 2010, specialised investment funds subject to the Luxembourg Law of 13 February 2007, reserved alternative investment funds subject to the Luxembourg Law of 23 July 2016, as well as Irish unit trusts subject to the Irish Unit Trust Act, 1990.

The purpose of this best execution policy (the “Policy”) is to set out the legal and regulatory requirements, as well as the related actions, which JFML has to comply with in order to meet its obligations in the area of best execution. JFML has aligned its best execution policy with the relevant Luxembourg regulatory framework such as the CSSF Circular 12/546, the Law of 17 December 2010, and the CSSF Regulation 10-04.

## **SCOPE**

As the portfolio management function for all of the funds managed by JFML (the “Funds”) is delegated, this Policy outlines the duties placed on the delegates to ensure JFML’s compliance with the legal and regulatory requirements with respect to best execution.

The delegates determine how orders are placed or executed, and JFML must ensure that the delegates respect all regulatory requirements.

## **BEST EXECUTION FACTORS AND CRITERIA**

Delegates are required to establish and maintain a Best Execution Policy. Such policy is designed to ensure that investment managers act in the best interests of the Funds when executing decisions to deal on behalf of the Funds and in the context of the management of their underlying portfolios.

When executing orders on behalf of the Funds, delegates shall take all reasonable steps to obtain the best possible results for the Funds taking into account factors such as price, costs, speed, likelihood of execution and settlement, size, nature or any other relevant consideration.

In determining the relative importance of each of these factors, delegates shall take into account the following criteria:

- Objectives, investment policy and risks specific to a Fund, as indicated in its prospectus;
- Characteristics of the order;
- Characteristics of the financial instruments that are the subject of that order;
- Characteristics of the execution venues or entities to which that order can be directed.

## **EXECUTION VENUES**

Delegates shall act in the best interests of the Funds when placing orders to deal on behalf of the Funds with other entities for execution. JFML, therefore, for each class of financial instruments, expects the investment manager to define the key execution factors that will be taken into account when executing orders, and the execution venues or entities that best suit its requirements.

## **ORDER HANDLING**

Delegates are required to execute Funds' orders in an expeditious and fair manner for all Funds. Due attention should be also given to the respect of regulatory requirements in regards to aggregation and allocation of trading orders.

## **DISCLOSURES**

JFML shall make available to investors in the Funds it manages appropriate information on the Best Execution Policy established. JFML will notify the Funds of any material changes to this Policy and arrangements.

## **MONITORING**

Prior to the appointment of any delegate in charge of the portfolio management function, the Conducting Officer in charge of delegated functions oversight of JFML performs an initial due diligence on the potential delegate to make sure that effective arrangements for complying with the best execution obligations are established and implemented at the delegate level.

Once the delegate is appointed, JFML regularly monitors the effectiveness of execution arrangements and the compliance with the Best Execution Policy by the delegates. Delegates should be able to demonstrate that they have executed orders on behalf of the Funds in accordance with their Best Execution Policy. The supervision of JFML on the delegates is done within the framework of an ongoing due diligence process.