

SELECTION AND EXECUTION POLICY

Amundi Ireland Limited

SUBJECT:

This document sets out the execution policies and measures taken by Amundi Ireland Limited ("AIL") to obtain the best possible result for its clients.

It also defines the measures implemented to monitor on an ongoing basis the efficacy of the current execution arrangements.

1 - General background and regulatory framework

AIL is a financial institution approved by the Central Bank of Ireland to provide the investment service of portfolio management. The Firm is authorised to trade all financial instruments covered by Section C "Financial Instruments" of Annex I of the Directive 2014/65/EU. Mifid 2 has been transposed into domestic law via S.I. 375 of 2017 European Union (Markets in Financial instruments) Regulations 2017 ("the Regulations").

1.1 Context

On the 3rd of January 2018 The Markets in Financial Instruments Directive (Directive 2014/65/EU, known as MiFID II) and regulation (MiFIR) came into force, replacing the previous MiFID directive. Mifid 2 and Mifir are designed to strengthen the investor protection and improve market integrity, transparency and the overall stability of the financial sector.

In accordance to MiFID, the requirement of best execution of orders is a key element designed to promote both the overall market efficiency and achieve, at an individual level, the best possible result for the clients. The MiFID II directive reinforces the obligation of authorised Investment Service providers ("ISP") to obtain the best possible result when executing an order on behalf of its clients. The new requirements also provides for greater transparency through the publication of information about the top five execution venues/intermediaries and the quality of execution obtained.

1.2 Regulatory references

The new regulatory framework comprises:

- The MiFID II directive: Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 – Art. 24 (1) and 27

- The MiFIR regulation: Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 – Art. 26
- S.I. 375 of 2017 European Union (Markets in Financial instruments) Regulations 2017 - Art. 35

The MiFIR regulation, alongside the additional “level 2” acts (delegated regulation or technical regulatory standards) applies directly to all Investment Firms with no need of legal transposition by the EU member state.

1.3 MiFID classification

With regard to market execution, AIL generally ask to be classified as “**professional client**” by its brokers/counterparties (“intermediaries”), This classification represents an adequate level of protection, particularly in relation to the orders execution quality .

1.4 General principles for best execution

The requirement for best execution is defined in Article 27(1) of the MiFID II directive as the obligation to “...*take all sufficient steps to obtain, when executing orders, the best possible result for their clients...*”.

The best possible result is determined taking into consideration seven main categories of factors: “*price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the order*”.

Where AMUNDI INTERMEDIATION is given by AIL with specific instructions regarding the execution of an order, it will execute the order in accordance with that instruction. In this case, AIL will be informed that AMUNDI INTERMEDIATION is released from the obligation of best execution. When AIL will give instructions only in relation to a part of an order, AMUNDI INTERMEDIATION will be responsible to insure best execution in respect of the part of that order not covered by the instructions.

2 - Policy for selection of intermediaries

3.1 Selection objective & procedure

In accordance with its status of an asset management company, AIL is not a market-facing investment firm. In order to best execution, AIL has chosen to avail of the service of AMUNDI INTERMEDIATION for the transmission and execution of orders. AMUNDI INTERMEDIATION is an investment firm authorised by the ACPR (French prudential control and resolution authority) to provide the services of Reception and Transmission of Orders (RTO) and order execution on behalf of third parties. AMUNDI INTERMEDIATION is authorised to trade in all financial instruments covered by Section C “Financial instruments” of Annex I of Directive 2014/65/EU.

As an ISP providing services involving RTO and order execution for third parties, AMUNDI INTERMEDIATION has its own selection and execution policy, accessible via: [Amundi Intermédiation – Selection and execution policy](#).

3.2 Selection committee

AMUNDI INTERMEDIATION has established a master list (“CADRE”) which classify all financial instruments in asset class. The list sets out all the best-performing intermediaries on each financial instrument class according to the criteria and methodologies described in its selection and execution policy.

The CADRE list is presented by the head manager of AMUNDI INTERMEDIATION at the annual Selection committee meetings, chaired by AMUNDI ASSET MANAGEMENT’s Chief Investment Officer.

After reviewing the statistics on order volumes handled over the relevant period and presenting the vote results based on the predefined criteria, a proposed allocation of trading flows is presented to the selection committees for approval.

AIL uses the list of proposed by AMUNDI INTERMEDIATION. The list of the 5 main intermediaries selected and used for each type of financial instrument is published annually by AMUNDI INTERMEDIATION and accessible using the following link: [Main intermediaries](#)

3.3 Selection policy review

At any time, both AIL and AMUNDI INTERMEDIATION may re-examine the conditions and measures for order execution (trading venues, criteria, systems, etc.) in order to obtain the best possible result for clients.

Any material changes in AMUNDI INTERMEDIATION’s terms of business (substantial change in pricing, sudden deterioration of the execution facilities i.e. limitation of the perimeter of the securities traded, discontinuity of market access, other major issues that can lead to significant operational risks, etc.) trigger a review of AIL’s selection policy. With regard to specific transactions that may be handled directly by AIL, the relevant portfolio managers perform on an annual basis an overall review of the brokers/counterparties on the basis of the instruments traded with them.

If no exceptional circumstances led to an ad-hoc update, AIL’s selection policy is regularly reviewed on an annual basis through the selection committee or internal committees. This review is formalised via the committee minutes. The updated version with all the material changes will be directly accessible on the internet and constitutes notification by AIL of its clients.

4 - Execution policy

3.1 Scope of financial instruments

AIL best execution Policy covers all MiFID II financial that are traded in any financial market.

3.2 Perimeter of the clients

This execution policy is designed for all AIL professional and non-professional clients. When portfolio management is delegated to third parties, AIL will ensure that the execution policy of the delegated investment managers is consistent with the execution Policy of AIL and the best interests of its clients.

3.3 Execution venues included in the scope

AIL has appointed AMUNDI INTERMEDIATION for RTO and order execution services. Therefore, AIL has access to the final trading venue through AMUNDI INTERMEDIATION which will apply its execution policy to insure that best execution is achieved. (cf. 2.1.),

AMUNDI INTERMEDIATION may direct orders, depending on the characteristics of an individual order in order to achieve its best execution requirements, to either Regulated Markets (RM), Swaps Execution Facilities, Multilateral Trading Facilities (MTF), Organised Trading Facilities (OTF), Systematic Internalisers (SI) or any service provider that could provide the best possible conditions in a bilateral (OTC) context.

The list of execution venues - organised by Financial Instrument class and execution strategy applied by AMUNDI INTERMEDIATION to obtain the best possible execution - are described in **Appendix 1**.

AIL expressly authorises AMUNDI INTERMEDIATION to execute an order outside a RM, MTF or OTF. However, AIL can withdraw this authorisation at any time, on an ad-hoc or permanent basis.

3.4 Execution criteria

AIL takes all the measures to ensure that all orders are managed on AIL's best interest and the overall integrity of the market, taking into consideration a number of criteria such as price, liquidity, speed, cost, etc. depending on their relative importance based on the order type.

The execution matrix by type of financial instrument (cf. Appendix 1) details the factors and execution criteria for each of these asset classes.

AMUNDI INTERMEDIATION will not aggregate orders coming from different clients, if they have the same direction, same terms and for the same security.

However, AMUNDI INTERMEDIATION may exceptionally aggregate (or net, in case of FX) orders where this meets clients' best interests.

3.5 Transmission of orders to Amundi Intermédiation

AIL transmit the orders to AMUNDI INTERMEDIATION through a dedicated internal system called “MCE” (electronic order book). The system allows to keep full records of the order chain. AIL is fully committed to insure a robust record-keeping system to maintain full evidence of best execution of orders.

AMUNDI INTERMEDIATION will promptly notify AIL of any system failure that may happen from time to time. AMUNDI INTERMEDIATION will also advise on any alternative measures that can be put in place to insure business continuity, in accordance with the current Business Continuity Plan.

3.6 Confirmation of execution

Once the order has been executed, a feedback is generated in the MCE order transmission system. The evidence is immediately available to AIL’s Middle Office, which then verifies the transaction confirmation sent by the intermediary.

3.7 Partial execution and aggregation

In case of partial execution or aggregation of orders, AMUNDI INTERMEDIATION - in accordance with the regulations currently in force, will allocate executed orders pro rata based on initial orders , taking also into consideration any potential minimum tradable amount per instrument. . This allocation is done via an algorithm implemented in the MCE.

3.8 Execution policy review

At any time, both AIL and AMUNDI INTERMEDIATION may re-examine the conditions and measures for order execution (trading venues, criteria, systems, etc.) in order to obtain the best possible result for clients.

If no exceptional circumstances led to an ad-hoc update, AIL’s execution policy is regularly reviewed on an annual basis through the selection committee. This review is formalised in the committee minutes.

The updated version with all the material changes will be directly accessible on the internet and constitutes notification by AIL of its clients.

4 - Regular monitoring & Controls & Review

4.1 Evidence of best execution

In accordance with the regulations, AIL retains for five years evidence of all orders executed in line with its current execution Policy. AIL will provide evidence upon request.

4.2 Controls

AIL will always retain full access to all information relating to executions of orders negotiated by AMUNDI INTERMEDIATION in order to verify, if necessary, the adequacy of the service provided by AMUNDI INTERMEDIATION and its compliance with the execution policy.

On a monthly basis AIL receive from AMUNDI INTERMEDIATION a report containing statistics and information about all Financial Instruments executed through AMUNDI INTERMEDIATION. The report contains information about:

- the monthly volume of orders negotiated in the relevant year ;
- the numbers of orders executed by the various brokers;
- the monitoring of best execution in accordance with AMUNDI INTERMEDIATION's execution policy.

The information sets out in the report will be used by AIL to implement the relevant controls that are deemed appropriate.

APPENDIX 1

(Execution matrix by type of financial instrument)

Financial instruments	Classification of venue(s) of execution (*)	Strategy to obtain the best possible execution & selection of intermediaries	Factors & criteria followed / prioritised
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EQUITIES			
Equities	RM, MTF, SI	Orders are transmitted via selected intermediaries (cf selection policy) by direct electronic connection i.e. via trading platforms (algorithms, DMA)	Price, liquidity, speed, cost according to the type of order sent by the client (**)
ETF (equities, debt & commodities)	RM, MTF, OTC	The orders are: - subject to a request-for-quote (RFQ) process among several authorised counterparties (cf selection policy) when market liquidity is ensured either by market makers or by counterparties accessible via electronic trading systems - or sent to selected intermediaries (if there is sufficient liquidity on a RM)	Price, liquidity, speed, cost according to the type of order sent by the client (**)
Warrants, rights, equity-linked notes, bills, certificates, CFD etc.	RM, OTF, OTC	The orders are sent to: - selected intermediaries (if there is sufficient liquidity on a RM) - or subject to a request-for-quote (RFQ) process among several authorised counterparties (cf selection policy) when market liquidity is ensured either by market makers or by counterparties accessible via alternative trading systems	Price, liquidity, speed, cost according to the type of order sent by the client(**)

BONDS and MONEY MARKET INSTRUMENTS			
Sovereign bonds (French treasury bonds or OAT, sovereigns agencies supranationals, covered bonds, treasury bonds etc.)	RM, MTF, OTF, SI, OTC	Request-for-quote (RFQ) process among several authorised counterparties (cf selection policy). Market liquidity is ensured either by market makers or by counterparties accessible via alternative trading systems	Price, liquidity
Private bonds (financials or companies etc.) regardless of the issuers' ratings	RM, MTF, OTF, SI, OTC	Request-for quote (RFQ) process among several authorised counterparties (cf selection policy). Market liquidity is ensured either by market makers or by counterparties accessible via alternative trading systems	Price, liquidity
Convertible bonds	RM, OTC, OTF	Request-for-quote (RFQ) process among several authorised counterparties (cf selection policy). Market liquidity is ensured either by market makers or by counterparties accessible via alternative trading systems	Price, liquidity, speed, cost according to the type of order sent by the client (**)

Tradeable certificates of deposit (CDs), commercial paper (CP), short-term sovereign securities etc.	OTC, OTF, MTF	Request-for-quote (RFQ) process among several authorised counterparties (cf selection policy). Market liquidity is ensured either by market makers or by counterparties accessible via alternative trading systems	Price, liquidity
FUTURES and OTHER LISTED DERIVATIVES			
Futures (Futures contracts for equity indices, baskets of equity or debt, interest-rate swaps or indices, forex, etc.)	RM, OTC	The orders are sent to: - selected intermediaries (if there is sufficient liquidity on a RM) - or subject to a request-for-quote (RFQ) process among several authorised counterparties (cf selection policy) when market liquidity is ensured either by market makers or by counterparties accessible via alternative trading systems	Price, liquidity, speed, cost according to the type of order sent by the client (**)
Futures options (Futures contracts for equity indices, baskets of equity or debt, interest-rate swaps or indices, forex, etc.)	RM, OTC	The orders are sent to: - selected intermediaries (if there is sufficient liquidity on a RM) - or subject to a request-for-quote (RFQ) process among several authorised counterparties (cf selection policy) when market liquidity is ensured either by market makers or by counterparties accessible via alternative trading systems	Price, liquidity, speed, cost according to the type of order sent by the client (**)

OTC derivatives (except forex)			
Credit derivatives for a single issuer, index or tranche of index (Index options, ITRAXX, CDX, etc.)	MTF, SEF, OTF, SI, OTC	Request-for-quote (RFQ) process among several authorised counterparties (cf selection policy). Market liquidity is ensured either by market makers or by counterparties accessible via alternative trading systems	Price, liquidity
Other OTC derivatives (interest-rate swaps, inflation swaps, swaptions, cap & floor, etc.)	MTF, SEF, OTF, SI, OTC	Request-for-quote (RFQ) process among several authorised counterparties (cf selection policy). Market liquidity is ensured either by market makers or by counterparties accessible via alternative trading systems	Price, liquidity

FOREIGN EXCHANGE			
Spot	OTF, OTC, MTF	Request-for-quote (RFQ) process among several authorised counterparties (cf selection policy). Market liquidity is ensured either by market makers or by counterparties accessible via alternative trading systems	Price, liquidity
Forwards, swaps	OTF, OTC, MTF, SI	Request-for-quote (RFQ) process among several authorised counterparties (cf selection policy). Market liquidity is ensured either by market makers or by counterparties accessible via alternative trading systems	Price, liquidity
Options	OTF, OTC, SI	Request-for-quote (RFQ) process among several authorised counterparties (cf selection policy). Market liquidity is ensured either by market makers or by counterparties accessible via alternative trading systems	Price, liquidity

SECURITIES FINANCING TRANSACTIONS			
Lending / borrowing	OTC, MTF	Request-for-quote (RFQ) process among several authorised counterparties (cf selection policy). Market liquidity is ensured either by counterparties accessible via alternative trading systems or via the responses to IOI (indications of interest)	Price, liquidity
Repo / Reverse repo	OTC	Request-for-quote (RFQ) process among several authorised counterparties (cf selection policy) or responses to IOI (indications of interest).	Price, liquidity

PACKAGES			
Linked orders involving a combination of interventions, often in opposite directions, in various instruments or types of instruments (arbitrage, assets + hedging, more complex rebalancing etc.)	RM, MTF, OTF, SI, OTC	Tailored execution strategy for each package determined by the trader taking into account the individual characteristics of each instrument and overall liquidity of the group	Price, liquidity

(*)

RM: Regulated market (e.g. NYSE Euronext, LSE, etc.)

MTF (or SMN for *Système Multilatéral de Négociation*): Multilateral Trading Facility, which is a system used by an investment services provider or market company to organise the confrontation of buy/sell orders on Financial Instruments, without having the quality of a regulated market. (E.g. Chi-X, Turquoise, etc.)

SI: Systematic Internaliser, which executes client orders outside RMs and MTFs by acting directly as a counterparty and committing its equity capital,

SEF: "Swap Execution Facility", an electronic platform which the US regulations, the "Dodd-Frank Act", require to be used for some types of OTC derivatives processed for accounts of "US persons"

OTF (or SON for *Système Organisé de Négociation*): Organised Trading Facility, which is a new category of trading system/platform introduced by MiFIR where bond products, structured products, issuance quotas and derivatives excluding equities and similar instruments (certificates, ETF) can be traded

OTC (Over The Counter): Over-the-counter market

(**)

The types of order and associated execution criteria are described in the following table:

Order type	Price objective or Benchmark	Criteria
Discretionary (à discrétion)	Entry price (last quotation)	Price - Liquidity
Discretionary (à discrétion) in respect of FX	Depending on the size and the overall liquidity of the market the dealer will either: 1: Put in competition at least 3 counterparties ("RFQ") 2: Use algorithmic strategy in order to minimize market impact and get better liquidity	Price - Liquidity
Discretionary (soignant)	AVWAP (volume-weighted average price)	Price - Liquidity
Market order	Entry price (last quotation)	Speed - Liquidity
Limit	Limit	Liquidity - Cost
Opening	Opening	Liquidity - Cost
Closure	Closure	Liquidity - Cost
Fixing orders	Official Fixing	Liquidity - Cost