



Best Execution Policy

October 2021

1. Introduction and Scope

Regulatory framework

As an investment firm, ReAPS Asset Management Limited (“ReAPS”) holds a governance and regulatory duty to act honestly, fairly and professionally in accordance with the best interests of its clients. In this respect, ReAPS has a duty to ensure that when placing or transmitting orders with a broker for execution, it obtains the best possible result for its clients.

In general, to meet the duty of “best execution”, ReAPS must ensure that the execution of transactions is such that the total cost or proceeds in each transaction are the most favourable under the prevailing circumstances. The concept of best execution is not limited to solely obtaining the best price and lowest transaction costs, but also other factors may be considered including among others, price, execution capabilities, speed and likelihood of execution, quality of execution, speed and likelihood of settlement, aggregation and allocation of trading orders, size and nature of the order and responsiveness to enhance the overall value of a client account for both short term and long term, may be considered.

From a regulatory framework, ReAPS is authorised by the Malta Financial Services Authority as a UCITS Management Company; to provide management of investment portfolio on a discretionary basis; and to act as an Investment Manager to pension schemes; as a result of which ReAPS is governed by the following regulations which require the implementation of an order execution policy to ensure it acts in its clients’ best interest:

Collective management of UCITS

As regards to the collective management of UCITS, ReAPS is subject to the requirements in Part BII of the Investment Services Rules in particular the requirement of a UCITS management company to implement a best execution policy. ReAPS is also subject to the requirements in the Conduct of Business Rulebook when providing such investment services.

Discretionary Portfolio Management

In so far ReAPS is authorised to provide discretionary portfolio management services under its licence as a UCITS Management Company as an ancillary (MiFID) service, such service is governed by the requirements under Part BI of the Investment Rules which require investment service providers to implement an order execution policy. ReAPS is also subject to the requirements in the Conduct of Business Rulebook when providing such investment service.

Management of Pension Schemes

As regards to the management of pension schemes, ReAPS is subject to the provisions in the General Pensions Rules for Licensed Service Providers which also require an investment manager of pension schemes to adopt an order execution policy when executing orders.

Scope

This Best Execution Policy (“Policy”) shall outline the principles that apply to the execution of orders in financial instruments on behalf of UCITS Schemes (including

underlying sub-funds), pensions schemes and discretionary mandates (collectively referred to as the “Clients”) for which ReAPS acts as appointed investment manager. This Policy shall apply whenever ReAPS executes or transmits orders for execution on behalf of:

- UCITS Schemes and Pension Schemes managed by ReAPS, except in cases where the portfolio management has been delegated to a third party by ReAPS, subject to specific provisions included in the offering documents (e.g., prospectus).
- The discretionary investment portfolios it manages, subject to specific contractually defined provisions in the individual investment management mandate.

Deviation from standard process as a result of client specific instructions – ReAPS does not have a prerogative to refuse specific client instructions. If such instances, ReAPS would have to deviate from its standard processes but will nevertheless be deemed to have met its best execution obligations.

Investment in funds – the purchase and sale of units or shares in funds, except ETFs, does not fall under the scope of this Policy. As a rule, ReAPS shall process such transactions under such terms provided in the relevant fund’s offering documents.

2. Principles of Best Execution

Execution criteria

The factors taken into consideration when executing orders and selecting brokers are specifically as follows:

- Price of the financial instrument;
- Costs;
- Speed of execution;
- Likelihood of execution and settlement;
- Size of the transaction;
- Nature of the transaction; and
- Any other considerations relevant to the execution of the order.

The relative importance of each factor is determined by the ReAPS based on available market information and by reference to the following criteria:

- the characteristics of the Client. For clients for discretionary management, this includes their categorization as retail or professional. For schemes and/ or funds, this includes the management style, investment policy, specific risks of the scheme and/ or fund as indicated in the relevant constitutional documents and offering documents, and any limitation specified in the Investment Guidelines;
- the characteristics of the order;
- the characteristics of the financial instrument that are subject to the order;
- characteristics of the Execution Venues to which that order can be directed.

Execution Venues

ReAPS’ orders may be executed on various execution venues, including:

- Regulated markets (“RMs”);
- liquidity providers or market makers;
- third party brokers;

- Multilateral Trading Facilities (“MTFs”) (systems operated by an investment firm that bring together multiple third party buying and selling interests in financial instruments);
- Organised Trading Facility (“OTF”) (a multilateral system that is not a RM or MTF); and
- Systematic Internalisers (“SIs”) (these are investment firms that on an organised, frequent and systematic basis deal on their own account by executing client orders outside a RM, MTF or OTF).

As ReAPS is not a market member it will be using any one of the following options when placing orders:

- On exchange:
 - i. Instruments quoted on the Malta Stock Exchange (“MSE”): As REAPS does not have direct market access to the MSE, orders shall be transmitted to local third-party Brokers with whom ReAPS has entered into an agreement for the execution of order. Such arrangements will cover both equities and bonds.
 - ii. Instruments quoted on a Foreign Stock Exchange platforms: ReAPS will place orders with third-party Brokers. Such arrangements will cover equities, bonds and ETFs. ReAPS will be obliged to seek alternative routing arrangements in cases where the Broker accepts orders for execution subject to transaction minimum thresholds.
- Off-exchange: ReAPS may execute a trade order with an identified third-party broker / SIs / market maker in respect of assets which such third party may hold on its own account rather than transmitting such deals for execution on a recognised exchange in a country other than Malta. Such arrangement will cover bonds and over-the-counter (OTC) transactions which may be negotiated directly with counterparties.

The execution venues identified by ReAPS are provided in Appendix 1 to this Policy which contains only details of the (third party) brokers.

ReAPS reserves the right to use other execution venues, where it is considered appropriate, in accordance with this Policy. ReAPS is to assess on a regular basis whether the execution venues listed in this Policy provide for the best results for the Client or whether any changes are required. ReAPS may add or remove execution venues at its own discretion and Clients are advised that they will not be notified separately of any changes made to the execution venues.

Selection Policy

ReAPS has implemented a selection policy when appointing Brokers or counterparties to obtain the best possible execution for Client orders.

Initial Due Diligence

In selecting a counterparty or Broker, it must be ensured that:

- a) They are licensed and subject to ongoing supervision by a public authority;
- b) They are financially sound. In this regard, it is important to ensure that the entity concerned is subject to prudential regulation, including sufficient capital requirements and effective supervision; and

- c) They have the necessary organizational structure and resources for performing the services which are to be provided to ReAPS.

Moreover, due to their regulatory obligations, the selected entities are usually required to offer the best possible execution where they are delivering an investment service to ReAPS and, ReAPS may, if it is satisfied that the third party's execution arrangements will allow ReAPS to comply with its duty of best execution, place significant reliance upon its execution arrangements. To this end, ReAPS will, as part of its on-boarding process, additionally consider whether the third party:

- is itself subject to a best execution requirement under EU legislation; and/ or
- will contractually undertake to comply with the best execution requirement; and
- can demonstrate that it can deliver a high level of execution quality.

In undertaking the due diligence, the following information shall also be obtained from the entity concerned and/or verified independently from public sources:

- The licensing status of the entity shall be established. For this purpose, the official websites of the regulatory body shall be consulted.
- The number of years of operations and the experience of the entity should be taken into consideration. In this regard, the respective audited financial statements and best execution policy shall be assessed. Also, it is important to establish whether the supervisory or regulatory body has imposed any penalties or sanctions against the institutions in the past and whether such penalties can have an impact on the service provided to ReAPS.
- Reference from independent clients of the Broker and a satisfactory outcome to a trail period testing the level of service to be provided by the Broker.

Ongoing Due Diligence

On an ongoing basis, the profile of the existing counterparties and brokers shall be reviewed and, in this regard, the following checks shall be carried out:

- Confirmation that the entity concerned is still licensed and regulated by the relative public authority.
- Establishment that no regulatory fines/penalties or otherwise have been issued by the public authority during the year under review.
- Review of the entity's (updated) Execution Policy.
- Change in management which could impact the direction or the competence of the entity concerned.
- The assessment of the service during the year under review.

As part of the oversight function, any concerns and/ or weaknesses identified are to be recorded and recommendations/ requirements for improvement are to be made and followed up.

Delegation of Portfolio Management function

Where ReAPS delegates the portfolio management services to a third party it is to ensure that the third party carries out the delegated portfolio management function in accordance with its order execution policy and takes all sufficient steps to provide the best possible outcome for its Clients when either executing trades directly or placing orders.

The approval process for delegating the portfolio management function to a third party is subject to provisions of the Outsourcing and Delegation Policy. However while, ReAPS may, if it is satisfied that the third party's execution arrangements will allow ReAPS to comply with its duty of best execution and place significant reliance upon the third party's execution arrangements, it is not exempt from the best execution requirements. Within such context the following process shall be considered:

Initial Due Diligence

ReAPS will, as part of its on-boarding process, consider also whether the third party:

- a) is itself subject to a best execution requirement under EU legislation, or/ and
- b) will contractually undertake to comply with the best execution requirement; and
- c) can demonstrate that it can deliver a high level of execution quality, in each case in relation to the orders that it would execute or place as delegate for ReAPS.

In this regard the respective best execution policy of the third party shall be assessed.

On-going Due Diligence

ReAPS shall ensure on an ongoing basis that the third party takes all reasonable steps to obtain the best possible result for the Clients of ReAPS. The factors to be taken into consideration are: price, cost, timing and probability of execution and settlement, size, nature order or any other consideration relevant to its execution. The relative importance of each factor is defined based on the criteria outlined in Section 2.1 above.

All staff members and executives authorised by the third party to execute decisions and/or place orders with third parties for execution must, when doing so, comply with the provisions of the execution arrangements (including Best Execution Policy) agreed to between ReAPS and the third party.

ReAPS in the framework of the monitoring of the delegated activities shall monitor the effectiveness of the transmission strategy put in place by the third party. The third party may be requested by ReAPS to demonstrate that the day-to-day investment activity is carried out in compliance with the execution arrangements as agreed between ReAPS and the third party. This is done by requesting to disclose details about specific orders (for example all executed orders of a given date) to verify if the orders details are in line with the applicable provisions.

The checks for each order will consider:

- if the order has been transmitted in accordance with the strategy adopted (where applicable);
- if the result is the best possible outcome.

The quality of execution is verified on the following criteria:

- price;
- commissions;
- timeliness of information;
- minimisation of unexecuted orders;
- accurate execution of orders;

- efficiency of settlement systems;
- ability to access the various trading venues.

3. Client Order and Allocations

It is expected that ReAPS will place orders with a Broker once a decision is made to deal in a financial instrument on behalf of a Client. Only authorised personnel may trade on behalf of ReAPS (and its Clients) and any such personnel must not execute trades or place orders with a party that has not been approved for use by ReAPS except in exceptional circumstances.

Moreover, ReAPS may from time to time aggregate a number of Client orders to purchase and/ or sell the same financial instruments for execution either via a Broker or directly with the Execution Venue which following execution will be allocated amongst the Clients participating in the order. The procedure for the aggregation and allocation of order is subject to ReAPS' Allocation Policy.

4. Specific Broker Enquiries

Instances may arise where a Broker, approaches ReAPS to enquire whether ReAPS would be interested in carrying out a particular transaction on behalf of the clients' portfolio which ReAPS manages. In this event, the order may be given to Broker directly.

5. Ongoing Review and Monitoring

ReAPS will review and monitor the effectiveness of its order execution arrangements and will review this Policy, at least annually.

ReAPS will also review this Policy and/or its execution arrangements whenever a material change occurs that could affect its ability to obtain the best possible result for the execution of its Clients' orders. A material change will depend on the nature and scope of any change.

Clients will be notified of any material changes to the Policy and order execution arrangements.

Appendix 1: List of Execution Venues

Instrument:	Execution Venue:
Instruments quoted on the Malta Stock Exchange	<p>ReAPS does not have direct membership to the MSE platform and orders shall be placed with any of the below (third-party) brokers:</p> <ul style="list-style-type: none"> • APS Bank p.l.c. • Bank of Valletta p.l.c. • Rizzo, Farrugia & Co (Stockbrokers) Ltd
Instruments quoted on a Foreign Stock Exchange platforms	<p>ReAPS does not execute orders directly on foreign markets but transmits client orders to third party entities with which the ReAPS has an established relationship for execution. These third-party entities include:</p> <ul style="list-style-type: none"> • Shore Capital Stockbrokers Ltd – for orders related to foreign bonds, equities and ETFs • Mitsubishi UFJ Trust International Limited – for orders related to foreign Bonds • Tradition Securities and Futures SA/ TSAF OTC S.A/ TFS Derivatives Ltd – for orders related to foreign bonds, equities and ETFs • Oppenheimer Europe Ltd – for orders related to foreign bonds • Swissquote Bank SA – for orders related to foreign bonds equities, ETFs and derivatives • Bank of Valletta p.l.c. – for orders foreign bonds, equities and mutual funds
Collective Investment Schemes (“CIS”)	Subscriptions and/or redemptions in CISs are directed to the Investment Manager or Administrator of the target CIS.