Best Selection Policy

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1. Introduction

As asset management companies, Candriam Luxembourg and its Branches and subsidiaries (all together referred below as "Candriam") have the responsibility to act in the best interests of its clients under mandate or investors in the funds it manages.

The best selection Policy describes the approach taken by Candriam in ensuring that the best outcome is obtained for its clients on a consistent basis when executing orders on behalf of clients for the investment services (RTO, discretionary portfolio management Investment Advisory) or for its activity of fund management (UCITs or AIFs).

Candriam has aligned its best selection and execution Policy with the current best practice and applicable regulations (cf. infra).

Candriam complies with these obligations by implementing the Policy described herein, which aims to ensure that the best financial intermediaries are selected to obtain the best possible result when executing orders.

1.1. Definitions

Term	Description
Candriam	Candriam, société en commandite par actions, its branches and subsidiaries (hereafter collectively referred to as "Candriam")
Board of Directors	The Board of Directors shall mean the body who, under company law, monitors the management by the Senior Management. The Board of Directors shall have the overall responsibility for the institution. It shall ensure execution of activities and preserve business continuity by way of sound central administration and internal governance arrangements. Please refer to CSSF Circular 18/698 for further information.
Board of Management	Board of Management shall be intended as the "Senior Management". Senior Management means the persons who effectively conduct the business of the IFM within the meaning of Article 102(1)(c) of the 2010 Law and Article 7(1)(c) of the 2013 Law (hereinafter the "conducting officers") irrespective of the form or legal structure of the IFM. Please refer to CSSF Circular 18/698 for further information.
CSSF	The Luxembourg regulator of the financial sector (*Commission de Surveillance du Secteur Financier*)
Client or investor	Any natural or legal 'professional or non-professional' person whose investments are managed by Candriam under a discretionary management contract or an investment advice mandate.
Total cost	Stands for the price of the financial instrument and the execution-linked costs, which include all expenses incurred by the client directly related to the execution of the order.
Net price	Price of the financial instrument excluding execution-related costs.
Fund	Any fund managed by Candriam
Mandates	Any mandate managed by Candriam.

Entity	Any financial counterparty selected by Candriam to execute the orders of 'professional' investors.
Specific instruction	Any order that CANDRIAM receives from a client that stipulates one or more execution criteria (place, price, …).
Financial or other instruments	Those listed in section C of Annex 1 to Directive 2014/65/EU and in Directive 2009/65/EC, as may be amended from time to time.
Order	An instruction to sell or buy (redeem or subscribe) a financial instrument.

1.2. Purpose

This Policy aims to ensure that Candriam acts in the best interests of its clients when executing trades and selecting financial instruments. This Policy is crucial for achieving optimal results for clients by considering various factors such as price, costs, speed, likelihood of execution, and the overall quality of the service provided. MiFID II mandates Candriam to implement a robust and transparent Best Selection Policy that outlines how Candriam will seek the best possible outcome for its clients while ensuring compliance with regulatory requirements. Additionally, Candriam is required to regularly review and assess the effectiveness of its execution arrangements, making necessary adjustments to enhance performance and demonstrate accountability to clients and regulators.

1.3. Scope

Candriam is licensed as management company under the provisions of UCITS and AIFM Directives, for the management of undertakings for collective investment in transferable securities (UCITS) as well as alternative investment fund (AIFs). Furthermore, on an ancillary basis, it is authorized to carry out regulated investment services under the provisions of MiFID II.

The present Policy applies to:

- The management of discretionary mandates.

- The orders related to investment advisory services (RTO services).

- The management of collective investment funds managed by CANDRIAM under the provision of UCITS and AIFM Directives.

The present Policy also applies when Candriam manages portfolios under delegation.

The Policy applies to the selection of intermediaries for the trading on financial instruments and also to securities financing operations.

2. Best Selection Policy

To ensure the best possible order execution, Candriam has set up a procedure to select the best brokers and counterparties ("Entities"). These entities are selected in an annual voting process that is based upon predetermined, relevant and objective criteria. The objective of this process is to draw up a list of Entities that are capable of handling the volume of orders that Candriam places and in accordance with the general and/or specific service requirements of its clients.

2.1. Execution venues and brokers selection

Candriam does not execute orders on any execution venues defined by MiFID II (encompassing Regulated Markets, Multilateral Trading Facilities, Organized Trading Facilities). Candriam only transmits order for execution to a delegate, it uses one or more intermediary execution venues to obtain the best possible outcome. Moreover, Candriam can negotiate orders outside execution venues in the specific case of OTC trades and therefore deals directly with counterparties.

However, the responsibility for best selection remains with Candriam. Hence, Candriam takes all reasonable steps to obtain the best result when it selects an execution venue and an intermediary entity (such as a broker or a counterparty).

To select an execution venue or an intermediary, Candriam relies on qualitative factors such as the:

- Type of intermediation: "agency" (liquidity providers outside the counterparty) or "facilitation" (own- account activity).

- Characteristics of the execution venue to which the order may be channeled, namely the regulated markets or any other liquidity provider including MTF (Multi-Trading Facilities) and internalization systems.

- Quality of trading tools.

- Quality of execution – access to exchanges, markets and other execution venues – algorithmic offerings.

- Quality of trade settlement, clearing and delivery.

- Speed of trade confirmation.

- Circuit breakers.

- Any other relevant consideration, and the relative importance of each factor.

To be noted: the quality of provided research shall never be considered as a factor to be taken into consideration as the research provider selection constitutes a distinct and independent process at Candriam.

The selected entities and venues must have mechanisms for the execution of orders that enable to obtain the best possible result. Therefore, they must apply a Best Execution Policy that enables them to obtain the best possible result in executing orders and classify Candriam as a Professional Client as defined by MiFID II framework.

The Entities and new execution venues are selected annually by the members of the "Execution Broker Committee", which is organized by the Risk Management Department and composed of representatives from the following functions and departments:

- Middle Office.

- Trading Desk.

- Investment Management.

- Risk Management.

- Compliance.

The Risk Management department maintains and makes available the list of authorized Entities for each category of financial instrument (the "List").

Since Candriam is responsible for the relationship with the selected Entities, it may make the following amendments to the List during the course of the year:

- Removal of an Entity from the List: For already approved brokers, a broker review is carried out taking into account the historical quality of execution, booking & settlement for already authorized brokers and the regulatory & reputational issues. If a broker has experienced critical execution, operational and settlement issues with Candriam, or reported severe regulatory & reputational issues, Candriam can decide on a business reduction, a temporary or permanent business interruption, depending on the criticality level of those issues The Risk Management and Compliance departments also may, at any time, decide to prohibit work with an Entity in the event of a serious situation, such as (but not limited to) the risk that the Entity may default, be sanctioned or have its license withdrawn. An Entity may also be removed from the List during the year if a serious event is observed, on the proposal of a member of the Execution Broker Committee with the prior approval of Risk Management.

- Accreditation of a new Entity other than at the Execution Broker Committee meeting: The department that requests approval of the Entity must first have the Entity approved by the Validation Committee at a special meeting attended by the aforementioned members.

3. Best Execution Criteria

3.1. Definition

Best execution criteria are defined in order to assess if the "best possible result" is achieved for clients when executing orders. Candriam is not under an obligation to obtain the best possible result for each individual order but rather Candriam is required to "take all sufficient steps" to achieve the best possible result on a consistent basis. Even where the Best Execution Obligation does not apply, Candriam must act honestly, fairly and professionally in accordance with the best interests of its Client.

3.2. Criteria and Execution Factors

In order to comply with regulatory requirements and to achieve Best Execution for its clients, the following execution factors are used by Candriam to determine the terms and conditions for the transmission or execution of client orders by the authorized brokers:

- Price.

- Cost.

- Speed.

- Market impact.

- Likelihood of execution and clearing/settlement.

- The size and the nature of the order, or any other consideration relevant to the execution of the order.

Candriam has identified key factors in determining which broker to use for executing orders. For example, it is the ability of brokers to provide liquidity for large-size orders and thinly traded instruments; in that case, Candriam's Dealing desk identifies potential liquidity issues, typically looking at the % of average daily volume in the OMS and indications of interests in Bloomberg for equities, and banks' prices and axes for bonds in Bloomberg. It is also the ability of brokers to execute large lists of orders, to act on a confidential basis with minimum market impact, to interact with the Candriam trading desk for any type of order, etc.

For the **retail clients** under portfolio management mandate, total cost is the most important of criterion to determine the best result. The total cost is the price of the financial instrument, plus the costs relating to execution, including all the expenses incurred by the client that are directly linked to the execution of an order, along with the charges specific to the execution venue, clearing and settlement charges and all other charges that may be paid to third parties participating in the execution of an order.

For funds and professional clients, while price, speed and size are usually the most important execution factors, the value of a particular transaction can be influenced by the other execution factors, as such, the relative importance of the factors listed above may vary depending on the characteristics of the order concerned.

The matrix presented hereafter sums up the continuous broker selection principles applied by the Dealing Desk by type of products and presents the relative importance of the execution factors/criteria taken into account in the assessment of the execution performance of the brokers.

For Equity Products

Equity Products	Best selection criteria	Best execution criteria / factors (*important **very important)
Cash Equity	For this type of products, Candriam will choose one of the authorized brokers depending on the broker features and the order characteristics: 1. Ability of brokers to provide liquidity for large-size orders and thinly traded instruments 2. Ability of brokers to execute large lists of orders 3. Ability of brokers to act on a confidential basis 4. Ability of brokers to interact with the Candriam Dealing desk - For single orders on a specific security and of a conventional type: it will be sent to intermediaries that have been officially approved by the Broker Review Committee as authorized brokers. No discrimination is done between the different brokers, the selection takes into consideration real-time market data information, quality of execution on previous similar deals and the capacity to execute the order by remaining consistent with the required execution criteria priorities induced by the underlying instrument & the type of order - When an order involves a basket of securities, broker selection for 'basket trading' is based on : (1) Dedicated 'program trading' desk with senior staff; (2) Advanced broker technology and (3) Ability to offer liquidity for the most difficult lines in the list of orders.	On a case-by-case basis and depending on the order type: -Price** -Cost (broker fees) ** -Speed** -Likelihood of execution** -Market Impact** -Liquidity** -Market access* -Algorithm diversity* -Flexibility** -Responsiveness** -Quality of settlement and delivery**
Futures	For this type of products, Candriam selects brokers on the basis of: 1. Ability of broker/dealers to provide liquidity, especially for large notional on futures orders. 2. Ability of broker/dealers to act on a confidential basis with minimum market impact. 3. Ability of broker-dealers to interact with the Candriam traders efficiently. The broker/dealers communicate and execute orders in a timely manner	On a case-by-case basis and depending on the order type: ' -Price** -Cost ** -Speed** -Likelihood of execution** -Market Impact** -Liquidity** -Market access* -Algorithm diversity* -Flexibility** -Responsiveness** -Quality of settlement and delivery**
Options	For this type of product, Candriam selects brokers on the basis of: 1. Ability of broker/dealers to provide liquidity, especially for large options orders. 2. Ability of broker/dealers to act on a confidential basis with minimum market impact. 3. Ability of broker-dealers to interact with the Candriam traders efficiently. The broker/dealers communicate and execute orders in a timely manner.	-Price** -Cost ** -Speed** -Likelihood of execution** -Market Impact** -Liquidity** -Market access* -Flexibility** -Responsiveness**

		-Quality of settlement and delivery**
Other derivatives (Equity swaps, Rights)	For this type of product, Candriam selects brokers on the basis of their capacity to regularly show prices, their responsiveness to requests, the flexibility of their execution and the number of counterparties with which they work.	On a case-by-case basis and depending on the order type: - Fair value ** - Price** - Liquidity** - Likelihood of execution** - Market Impact** - Cost** - Stability of the deal ** (i.e., likelihood of re-rate)

For ETF Products

ETF products	Best selection criteria	Best execution criteria / factors (*important **very important)
Liquid & Illiquid ETF	For this type of product, intermediaries are selected based on: 1. Their knowledge of this market, 2. Their capacity to find liquidity for these products, competitive prices and counterparties with complementary interests, and 3. Their responsiveness in providing the execution price. For lists of ETF orders, in particular those traded at the closing auction, Candriam can contact one broker amongst a short list of counterparties, that is able to source liquidity, find the right market-makers and adopt various tactics 'on-exchange' or 'off-exchange' to fit trading instructions. The key factors for broker selection are (please read following page) : - Ability of brokers to source ETF liquidity efficiently. - Ability of brokers to execute large lists of ETF orders. - Ability of brokers to act on a confidential basis with minimum market impact. - Ability of brokers to interact with the Candriam traders (feedback on market color, etc.). For orders that exceed an appropriate threshold the selected intermediaries will be asked to provide an RFQ in order to select the least costly execution, in terms of direct costs and impact on price. At least 2 market-makers are put in competition through the platform.	-Price** -Cost** -Speed** -Likelihood of execution** -Market Impact** -Liquidity** -Market access* -Algorithm diversity* -Flexibility** -Responsiveness** -Quality of settlement and delivery**

For Debt Products

Debt Products	Best selection criteria	Best execution criteria / factors (*important **very important)
Illiquid debt (High Yield, EMD, Special situation)	For this type of products, Candriam does use RFQ as the main process to achieve best selection. Candriam has identified key factors in determining which broker/dealer to select for order execution: 1. Ability of broker/dealers to provide liquidity for large-size orders and thinly traded instruments 2. Ability of broker/dealers to act on a confidential basis with minimum market impact 3. Ability of broker/dealers to interact with the Candriam traders For cash bonds, the Candriam traders determine if a bond is liquid or less liquid by using a 'liquidity matrix'. They determine the best counterparties to contact and the best method of execution (electronic VS. voice or IB chat). The best selection of counterparties and the choice of trading method (electronic VS. voice or IB chat) depend on the underlying instrument, the instrument liquidity specificities, the size of the order, runs and axes available across platforms, market sentiment, conversation with trading contacts. - For less liquid bonds and large-size orders, Candriam trades by voice or IB chat. If an order can be matched entirely with an axe disclosed by a counterparty, the Candriam traders negotiate the order full-size with the axed counterparty. If an order cannot be matched with an axe and if upfront inquiries for the full order size are not the best options, the Candriam traders can ask a broker for working carefully the full order size at a pre-agreed level. Alternatively, they can use "all-to-all" platforms by submitting orders anonymously. - When an order is for a basket of bonds, the best counterparty will be selected for its capacity to deliver the entire basket at the best price.	-Cost** -Access to liquidity** -Urgency of the order* -Capacity to deliver the entire basket at the best price*
Liquid debt (Corporate Bonds and developed market government bonds)	For this type of products, Candriam does use RFQ as the main process to achieve best selection. Candriam has identified key factors in determining which broker/dealer to select for order execution: 1. Ability of broker/dealers to provide liquidity for large-size orders and thinly traded instruments 2. Ability of broker/dealers to act on a confidential basis with minimum market impact 3. Ability of broker/dealers to interact with the Candriam traders For cash bonds, the Candriam traders determine if a bond is liquid or less liquid by using a 'liquidity matrix'. They determine the best counterparties to contact and the best method of execution (electronic VS. voice or IB chat). The best selection of counterparties and the	-Cost** -Access to liquidity** -Urgency of the order* -Capacity to deliver the entire basket at the best price*

	choice of trading method (electronic VS. voice or IB chat) depend on the underlying instrument, the instrument liquidity specificities, the size of the order, runs and axes available across platforms, market sentiment, conversation with trading contacts. - For liquid bonds, max 6 broker-dealers are put into competition in electronic multi-bank platforms. - When an order is for a basket of bonds, the best counterparty will be selected for its capacity to deliver the entire basket at the best price.	
Futures	For this type of products, Candriam selects brokers on the basis of: 1. Ability of broker/dealers to provide liquidity, especially for large notionals on futures orders. 2. Ability of broker/dealers to act on a confidential basis with minimum market impact. 3. Ability of broker-dealers to interact with the Candriam traders efficiently. The broker/dealers communicate and execute orders in a timely manner	-Price** -Cost** -Speed** -Likelihood of execution** -Market Impact** -Liquidity** -Market access* -Algorithm diversity* -Capacity to deliver bonds** -Flexibility* -Responsiveness* -Quality of settlement**
Options	For this type of product, Candriam selects brokers on the basis of: 1. Ability of broker/dealers to provide liquidity, especially for large options orders. 2. Ability of broker/dealers to act on a confidential basis with minimum market impact. 3. Ability of broker-dealers to interact with the Candriam traders efficiently. The broker/dealers communicate and execute orders in a timely manner.	-Price** -Cost** -Speed** -Likelihood of execution** -Market Impact** -Liquidity** -Flexibility** -Responsiveness* -Quality of settlement and delivery**
Other bonds derivatives (CDS, Bonds swaps, Interest Rate Swaps, Total Return Swaps, Options on CDS Synthetic)	For this type of products, Candriam does use RFQ as the main process to achieve best selection. Cost is the prime selection criterion, compounded with a mix of access to liquidity and urgency of the order. Electronic trading will be the preferred method in liquid markets, when voice trading is still the reference for illiquid ones. When an order is for a basket of bonds, the best counterparty will be selected for its capacity to deliver the entire basket at the best price.	-Cost** -Access to liquidity** -Urgency of the order** -Capacity to deliver the entire basket at the best price**

For Forex Products

Forex products	Best selection criteria	Best execution criteria / factors (*important **very important)
EMD Spot	Candriam traders determine if a currency pair is liquid or less liquid by using a 'liquidity matrix'. They determine the best counterparties to contact and the best method of execution (electronic VS. voice or IB chat). The best selection of counterparties and the choice of trading method (electronic VS. voice or IB chat) depend on the underlying currency pair, the currency pair liquidity specificities, the size of the order, market sentiment, conversation with trading contacts and other considerations like portfolio setups in the FX-All multi-bank electronic platform. For liquid currencies, authorized FX counterparties are put into competition in FX-All For less liquid currencies and large-size orders, Candriam trades by voice or IB chat.	-Price** -Cost** -Speed** -Likelihood of execution** -Market Impact**
Developed market Spot	Best execution will either be delegated to a counterparty that ensures transparency with these markets, or will be obtained by seeking bids from counterparties for fixing orders (WM Reuters, ECB Rate)	-Price** -Cost** -Speed** -Likelihood of execution** -Market Impact** -Liquidity**
Futures	Best execution will either be delegated to a counterparty that ensures transparency with these markets, or will be obtained by seeking bids from counterparties for fixing orders (WM Reuters, ECB Rate)	-Price** -Cost** -Speed** -Likelihood of execution** -Market Impact** -Liquidity**
Options	Best execution will either be delegated to a counterparty that ensures transparency with these markets, or will be obtained by seeking bids from counterparties for fixing orders (WM Reuters, ECB Rate)	-Price** -Cost** -Speed** -Likelihood of execution** -Market Impact** -Liquidity**

For Money Market Products

Money market products	Best selection criteria	Best execution criteria / factors (*important **very important)
Reverse Repo	Selection is based on the capacity of the counterparty to accept the deal + asset characteristics of the underlying asset offered by the provider: - Price - Likelihood of recall before the repo - Internal scoring of the counterparty	-Fairness of the price** -Likelihood of recall before the repo maturity** -Quality of settlement**
Certificate of Deposit (CPCD)	Selection is based on the capacity of the counterparty to accept the deal + asset characteristics of the underlying asset offered by the provider: - Price - Likelihood of recall before the repo - Internal scoring of the counterparty	-Fairness of the price** -Quality of settlement** -Price**

Specific case of securities financing transactions

Securities financing includes Reverse Repo, Stock Loan and Securities Lending operations that are dealt as OTC products.

The counterparty selection is mainly driven by the:

- Legal setup/contracts signed between the counterparty and the funds.

- Credit lines the counterparties give to the onboarded funds.

- Quality of the collateral the counterparties can allocate to Candriam, which needs to match our risk requirements/prospectus.

- Ability of the counterparties to guarantee the stability of the trades and avoid recalls.

- Price.

Securities Lending activity is delegated to CACEIS and Candriam realizes a posteriori controls. The counterparty selection takes into account investment rules and the list of authorized counterparties.

To be noted, when executing orders or taking decision to deal in OTC products including bespoke products, Candriam shall check the fairness of the price proposed to the client, by gathering market data used in the estimation of the price of such product and, where possible, by comparing with similar or comparable products.

Moreover, any specific instructions from a client may prevent Candriam from taking the steps that it has designed and implemented in its execution Policy to obtain the best possible result for the execution of those orders in respect of the elements covered by those instructions.

Please note that the best execution requirements under MIFID II do not apply to spot foreign exchange (FX). However, Candriam does undertake a control of best execution and best selection on all FX products to always provide a fairly services to all clients and avoid any conflict of interest that may arise in respect of such transactions.

4. Handling Clients Orders

Candriam adheres to the following conditions in the transmission of orders for and from clients offered discretionary portfolio management services and/or for Funds to its counterparties: it shall

- Ensure that the orders executed are distributed with speed and precision.

- Handle orders for and from clients and/or for Funds in the order of their arrival and with speed, unless the nature of the order or the prevailing market conditions are such as to render that impossible, or unless the interests of the client and/or Fund require us to proceed otherwise.

- Inform clients and/or holders of Fund units of any serious difficulty likely to influence the proper execution of orders as soon as we become aware of such difficulty.

Furthermore, Candriam shall define in advance the future allocation of the orders it issues. As soon as it has been informed of their execution, it shall send the depositary of the client and/or Fund or account holder the precise allocation of the payees named in the orders that have been executed. That allocation shall be final.

Where necessary, Candriam will ensure that the financial instruments and amounts in cash of the client and/or the Fund that are received in settlement of the executed order are transferred rapidly and correctly to the account of the client and/or the Fund in question.

In addition, Candriam will take all reasonable steps to prevent improper use being made of information relating to orders from clients and/or Funds awaiting execution, by any person whomsoever concerned in the management of the orders in question.

5. Grouping and Allocation of Orders

Candriam may have recourse to the possibility of grouping orders between different managed portfolios (between different UCIs/and or between UCIs and management mandates).

For this purpose, Candriam has put in place a Policy for the grouping of orders in accordance with the applicable regulations. Orders are therefore grouped only where it is to the advantage of the client and/or the Fund.

In addition, an order allocation Policy is in force which ensures the fair allocation of orders and grouped transactions.

Under the present Policy, Candriam informs its clients and/or the holders of Fund units that grouping can have a detrimental effect on a particular order.

6. Information to Clients

The Best Selection Policy is disclosed to clients and/or holders of Fund units on the www.Candriam.com website.

For discretionary mandates (MiFID scope), a list of the top five execution venues on which Candriam places significant reliance in meeting its obligation to take all reasonable steps to obtain on a consistent basis the best possible result for the execution of client orders is provided on an annual basis on Candriam website. It also specifies which execution venues are used for each class of financial instruments, for retail client orders, professional client orders and SFTs;

A performance quality assessment is annually performed to inform clients on the quality of execution obtained.