

# Order Handling Policy

Cardano Asset Management N.V.



cardano

## Version

| Version | Date       | Changes   |
|---------|------------|---|
| 2.0     | 04-04-2018 | Update Order Handling Policy                            |
| 2.1     | 05-04-2018 | Minor changes to the layout                             |
| 2.2     | 11-12-2018 | Major policy overhaul. MiFIDII Best Execution compliant |
| 2.3     | 02-12-2019 | Annual review   |
| 2.4     | 03-09-2020 | Annual review   |
| 2.5     | 10-11-2021 | Annual review   |
| 2.6     | 11-07-2023 | Annual Review – rebranding, minor changes               |

## Approval

| Version | Date       | Adopted by      |
|---------|------------|-----------------|
| 2.0     | 04-04-2018 | RMC - ORC MT AM |
| 2.2     | 17-12-2018 | RMC - ORC MT AM |
| 2.3     | 04-12-2019 | RMC - ORC MT AM |
| 2.4     | 03-09-2020 | RMC- ORC MT AM  |
| 2.5     | 17-11-2021 | RMC- ORC MT AM  |
| 2.6     | 16-11-2023 | RMC – ORC MT AM |

## Contents

|          |  |          |
|----------|--|----------|
| <b>1</b> | <b>Introduction .....</b>                            | <b>5</b> |
| 1.1      | Rationale.....                                       | 5        |
| 1.2      | Scope.....   | 5        |
| 1.3      | Policy scope.....                                    | 5        |
| 1.4      | Related Policies .....                               | 5        |
| <b>2</b> | <b>Execution Factors and Criteria .....</b>          | <b>6</b> |
| 2.1      | Execution Factors .....                              | 6        |
| 2.2      | Execution Criteria.....                              | 6        |
| <b>3</b> | <b>Execution Venues .....</b>                        | <b>6</b> |
| <b>4</b> | <b>Execution per Financial Instrument .....</b>      | <b>7</b> |
| 4.1      | Equities and Equity-like Instruments.....            | 7        |
| 4.2      | Fixed Income Instruments.....                        | 7        |
| 4.3      | Derivatives, Including ETD- or OTC-derivatives ..... | 7        |
| 4.4      | Investment Funds .....                               | 8        |
| 4.5      | Other Instruments .....                              | 8        |
| <b>5</b> | <b>Order Aggregation and Allocation .....</b>        | <b>8</b> |

|          |  |          |
|----------|--|----------|
| <b>6</b> | <b>Specific Instructions &amp; Force Majeure</b> | <b>8</b> |
| 6.1      | Specific Instructions                            | 8        |
| 6.2      | Force Majeure                                    | 9        |
| <b>7</b> | <b>Policy Assurance Methods</b>                  | <b>9</b> |
| 7.1      | Policy Adherence Monitoring                      | 9        |
| 7.2      | Policy Effectiveness Monitoring                  | 9        |
| 7.3      | Publications                                     | 9        |
| <b>8</b> | <b>Governance</b>                                | <b>9</b> |
| 8.1      | Treasury & Execution Desk                        | 9        |
| 8.2      | Best Execution Working Group                     | 9        |
| 8.3      | Risk Management Committee                        | 9        |
| 8.4      | Effective Date & Amendments                      | 10       |

## 1 Introduction

This Policy explains the framework that Cardano Asset Management (“CAM”) has put in place when executing orders in line with the requirements for best execution under the Markets in Financial Instruments Directive (“**MiFID2**”) as implemented in the Decree on conduct of business supervision (*Besluit Gedragstoezicht financiële ondernemingen* and the “**Decree**”) and other applicable (supra)national (delegated) directives/regulations.

CAM is an Alternative Investment Fund Manager (“**AIFM**”) licensed by the AFM. Based on its license it is also allowed to provide certain ‘MiFID services’, being: portfolio management, investment advice and reception and transmission of orders. In principle the MiFID2 product governance regime only applies to CAM when it provides these ‘MiFID services’. Best Execution obligations under MiFID2 do not apply to CAM. However, CAM has voluntarily implemented the best execution requirements of MiFID2.

### 1.1 Rationale

CAM has the duty to make sure that it consistently takes all sufficient steps to obtain the best possible results for CAM and its clients when executing orders (“**Best Execution**”). This Policy sets forth the methods that CAM applies to achieve Best Execution.

### 1.2 Scope

**Activity scope:** this Policy applies when CAM, as part of its fund management or discretionary investment management activities, carries out order execution or order transmission services pertaining to financial instruments on behalf its clients.

**Client scope:** this Policy applies to clients classified as Professional Investor as defined by the relevant regulations.

**Entity scope:** this Policy applies to Cardano Asset Management N.V. (“**CAM**”).

**Execution Venue scope:** any execution venue for orders including brokers that CAM is allowed to use under this Policy and the respective client mandate.

**Financial Instruments in scope:** types of financial instruments covered under this Policy are all financial instruments traded by CAM, including but not limited to:

- Equity and Equity like instruments
- Fixed Income instruments, including bonds, repo and money market instruments
- Derivatives, including Exchange Traded Derivatives (ETD) or over the counter (OTC)/off-exchange derivatives
- Investment Funds

The scope is limited to transactions in those financial instruments that CAM and its clients have agreed on in the context the respective mandates.

**Service Scope:** this Policy sets forth how CAM ensures that it consistently takes all steps to obtain the best possible results (Best Execution obligation) for its clients when executing orders in all types of financial instruments. When CAM does not execute the order itself but transmits the order to a broker, both CAM and the broker are responsible for Best Execution. CAM will oversee if the broker meets the quality of execution expected.

### 1.3 Policy scope

This Policy applies to CAM when it executes trades or transmits orders in financial instruments on behalf of its clients.

The CAM Board shall act in accordance with the policies to be determined by it. The policies shall at all times be compliant with relevant laws and regulations (including suggestions from supervisory authorities) applicable to CAM (hereinafter “Regulations”) and take into account the risk governance structure as set out by VIVAT N.V

### 1.4 Related Policies

A non-exhaustive list of policies that relate to and should be read in conjunction with this Policy are set out below. If in doubt, please contact CAM Compliance.

- Broker Selection & Review Policy

- Conflicts of Interest Policy
- Inducements Policy
- Record Keeping (regarding distributors, target markets etc. and rationale)

## 2 Execution Factors and Criteria

### 2.1 Execution Factors

CAM will take into account the following execution factors (in no particular order):

- Price or spread of the order
- Transaction cost, including explicit costs such as fees, commissions and tax, and implicit costs such as market impact
- Speed of execution of the order
- Likelihood of execution, completion and settlement of the order
- Size and nature of the order
- Timing of the order
- And any other consideration relevant to the execution of the order

### 2.2 Execution Criteria

Price and associated costs are ordinarily prioritized, however the relative importance of the other execution factors will vary based on several execution criteria.

The execution criteria that CAM takes into consideration are:

- The characteristics of the order
- The characteristics of the client
- The characteristics of the financial instrument
- The characteristics of the execution venues

In some cases CAM may decide that price or spread and associated cost are not prioritized, but other factors such as likelihood of execution, liquidity (market impact) or anonymity can be more important to be able to meet our Best Execution obligation.

## 3 Execution Venues

CAM may choose to execute orders through Regulated Markets, Multilateral Trading Facilities (MTF) and Organized Trading Facilities (OTF), a Systematic Internaliser (SI), or a market maker or other liquidity provider or an entity that performs a similar function in a third country to the functions performed by any of the foregoing (hereinafter Execution Venues) or through Over The Counter (OTC) transactions.

CAM can decide to execute its orders outside a Regulated Market, MTF or OTF. This can generate an enhanced counterparty risk. CAM may execute orders with Execution Venues outside the European Economic Area (EEA).

CAM assesses Execution Venues regularly by means of Trade Cost Analysis on quantitative measures and at least twice a year, in July and in January, on both quantitative and qualitative measures. CAM's policy is to maintain a selection of Execution Venues that meet the Best Execution requirement on a consistent basis when transmitting and executing orders. A detailed description of the selection and evaluation process is described in the Broker Selection & Review Policy.

In general orders are transmitted to Execution Venues that are included on the Approved Execution Venues and Broker list. A copy of the list may be requested in writing from CAM Compliance.

## 4 Execution per Financial Instrument

CAM has grouped all classes of financial instruments in five groups as listed in Annex I of the Delegated Regulation 2017/576 dated 8 June 2016. Each groups contains a description of the instruments covered using the Delegated Directive's definitions.

### 4.1 Equities and Equity-like Instruments

Covered instruments:

- (a) Shares & Depositary Receipts

CAM uses brokers to transmit and execute its orders in equity and equity like instruments.

- Low touch orders (mainly liquid instruments or low ADV orders) are usually bundled in Program Trades and transmitted to a broker's Program Trading desk or executed through broker algorithms by the CAM Treasury & Execution desk. The broker generally acts as an agent.
- High touch orders (mainly illiquid instruments or high ADV orders) are usually routed to a brokers High Touch Trading desk or managed by the CAM Treasury & Execution desk and executed through brokers algorithms or Direct Market Access (DMA). The broker can act as agent and/or principal. Other sources of liquidity include Buy-Side Crossing Networks.

For every trade, regardless of size and liquidity, the CAM Treasury & Execution desk can make an assessment of the market conditions and determine which execution factors and criteria are leading at the time of execution.

### 4.2 Fixed Income Instruments

Covered instruments:

- (b) Debt instruments

CAM has access to multiple execution possibilities when executing Fixed Income Instruments orders. Trades are either executed on venue and/or on an OTC basis. The leading execution factors and criteria that weigh the heaviest are price and liquidity. Ordinarily Fixed Income orders are executed in competition. This mean that a quote is requested (RFQ) from 3 to 5 competing brokers at the same time. If other execution factors and criteria are deemed more important CAM may decide to deviate from this approach and only select fewer or just one broker.

- Trades with a limited size in a liquid instrument; CAM trades on a MTF where several brokers are put into competition.
- Trades with a large size in liquid instruments; CAM trades on a MTF where few brokers are put into competition. CAM may also decide to trade on a non-competition basis with only 1 broker.
- Trades regardless of size in illiquid instruments will be traded either 'in comp' or 'non-comp' depending on how the trader expects to get the best result for the client.

For every trade whether in competition or not the trader can make an assessment of the market conditions and determine which execution factors and criteria are leading.

### 4.3 Derivatives, Including ETD- or OTC-derivatives

Covered instruments:

- (c) Interest rates derivatives
- (d) Credit derivatives
- (e) Currency Derivatives
- (f) Structured finance instruments

- (g) Equity derivatives
- (h) Securitized Derivatives
- (i) Commodities derivatives and emission allowances Derivatives

CAM executes orders in Exchange Traded derivatives on regulated markets through its agency brokers and in general these orders are not put into competition. Price and execution cost are considered the most important execution factors.

CAM executes orders in cleared derivatives and OTC derivatives in line with the general execution factors and criteria, when it deems so appropriate, will also consider the legal documentation amongst others. CAM can only execute OTC derivatives if the required documents are in place. Several brokers can be put into competition depending on the execution factors and criteria.

Across different derivative instruments liquidity and/or number of venues can display variations. For every trade, whether in competition or not, the trader can make an assessment of the market conditions and determine which execution factors and criteria are leading.

Consideration into the selection of counterparties that are put into competition will also depend on the utilization of the credit lines and underlying collateral optimization.

## 4.4 Investment Funds

Covered instruments:

- (k) Exchange traded products

CAM executes subscription, redemption and conversion transactions with regard to participations in UCITS and UCIs through the relevant transfer agent. These transactions are based on net asset value (NAV), taking into account potential swing-pricing or premiums/ discounts, as described in the relevant fund documentation.

## 4.5 Other Instruments

Covered instruments:

- (j) Contracts for difference
- (l) Emission allowances
- (m) Other instruments

CAM currently does not trade in these instruments.

## 5 Order Aggregation and Allocation

CAM will execute orders in the same security on an aggregated basis meaning all clients are treated fair and in an equal manner. In the case of a partial execution, the execution will be allocated on a pro-rata basis from the moment when aggregated.

## 6 Specific Instructions & Force Majeure

### 6.1 Specific Instructions

If CAM receives a specific instruction from a client on how an order should be executed CAM will execute accordingly where reasonably possible. Client specific instructions may prevent CAM from taking the steps set out in this policy to achieve the best possible result. For the avoidance of doubt, as AIFM, CAM does not provide execution only services for its clients.



## 6.2 Force Majeure

In the case of exceptional market circumstances in relation to the markets in general or a specific financial instrument, CAM may deviate from this Policy in order to achieve the best possible result for the client.

## 7 Policy Assurance Methods

### 7.1 Policy Adherence Monitoring

CAM Compliance and Best Execution Working Group<sup>1</sup> perform periodical reviews of the level of compliance with applicable trading policies, including this Policy.

### 7.2 Policy Effectiveness Monitoring

CAM has implemented a process to monitor execution quality. In this process CAM Treasury & Execution monitors on a regular basis execution of all orders.

CAM Compliance performs periodical reviews of the effectiveness of this Policy.

### 7.3 Publications

Annually CAM Best Execution Working Group will publish (jointly with its publication under the Broker Selection & Review Policy) the results of a review of CAM's Best Execution performance during the preceding calendar year on its website.

CAM's clients will be informed of any material change to this Policy.

## 8 Governance

The governance section defines the roles and responsibilities of individuals, groups, or committees in implementing, maintaining, reporting, and assuring compliance with the requirements of the policy. Each individual, group, or committee is documented with their specific associated roles and responsibilities listed.

### 8.1 Treasury & Execution Desk

CAM Treasury & Execution is responsible for the correct application of this Policy and for conducting annual review on the Policy and its validity.

CAM Treasury & Execution is responsible for keeping this Policy up to date and for aligning with the stakeholders mentioned under "Consultation". At least annually, but more often if regulatory updates require, CAM Treasury & Execution performs a review of this Policy.

### 8.2 Best Execution Working Group

The Best Execution Working Group members discuss and monitor the adherence to the Policy on a regular basis also taking into account the effectiveness of the venues where orders are executed at or transmitted to.

CAM relevant departments participate in reviews of this Policy and can initiate a review if it deems so necessary.

### 8.3 CAM Risk Management Committee

The annual results of the review of CAM's Best Execution performance (RTS 27 & 28 report) is approved by CAM Risk Management Committee before publishing.

This policy is also formally approved by CAM Risk Management Committee on an annual basis.

---

<sup>1</sup> Legal, Risk Management, Compliance, Portfolio Managers and Execution Desk are part of the working group.

## 8.4 Effective Date & Amendments

This Policy enters into effect as per December 17<sup>th</sup> 2018 and remains in effect until replaced by an amended version approved by RMC - ORC MT AM.

After approval of an amended version of this Policy CAM Treasury & Execution will inform Business Development and Sales and Marketing to inform clients and update the website.

# cardano

**Cardano** | Weena 690, 21st floor, PO Box 19293, 3001 BG Rotterdam The Netherlands  
T: +31 (0)10 206 1300 | E: [info@cardano.com](mailto:info@cardano.com) | W: [cardano.com](https://cardano.com)

Cardano Asset Management N.V. is part of the Cardano Group  
and statutory seated in Rotterdam and registered with the Dutch Chamber of Commerce under number 30143634.