



SELECTION AND EXECUTION POLICY

Regulatory framework and scope of application

Groupama Asset Management is an Asset Management Company regulated by the French Financial Markets Authority (AMF) and is authorised to provide investment services, including portfolio management on behalf of third parties, investment consulting and reception and transmission of order for third parties that are exclusively Groupama group companies. The term “order” refers to any instruction to buy or sell any of the financial instruments specified in Article L.211-1 of the French Monetary and Financial Code.

Pursuant to the Markets in Financial Instruments Directive (MiFID), Groupama Asset Management is required to take all sufficient steps to obtain the best possible result for its Clients when executing orders on their behalf.

MiFID 2004/39/EC of 21 April 2004 requires Groupama Asset Management to:

- develop an order execution policy that defines the procedures established to obtain the best possible result for its Clients;
- provide appropriate information to its Clients concerning its execution policy;
- apply its execution policy appropriately, taking into consideration the different categories of Clients, financial instruments and transactions;
- demonstrate to its Clients, at their request, that the orders executed on their behalf have been executed in compliance with said policy;
- review its order execution policy regularly, at least annually and in response to each significant change on the markets covered and ensure the efficiency of its policy.



This policy is based in particular on AMF Position-Recommendation 2014-07 - “Guide to best execution”.

This policy is applicable:

- when Groupama AM transmits for execution orders resulting from its own investment decisions,
- when Groupama AM transmits for execution orders received from other Groupama group companies, including subsidiaries,

with the exception of those covered by the “Eligible Counterparties” system.

Both the Groupama AM portfolio manager, in the context of managing the assets entrusted thereto, and the Groupama group entities, including its subsidiaries in the context of reception and transmission of orders (RTO), are referred to in this document as the “Client”.

Selection of intermediaries

To obtain the best possible result for the execution of orders, Groupama Asset Management has established a procedure for the evaluation and selection of the intermediaries to which the orders are transmitted for execution. The intermediary's quality is assessed through due diligence on the basis of various criteria, such as:

- quality of order execution;
- liquidity offer and access to various order execution venues;
- algorithmic offer, as applicable;
- quality of pre-trade recommendations and information;
- quality and speed of settlement-delivery.

The intermediaries are selected every six months (Selection Committee), on the basis of the assessments issued by the various departments of Groupama Asset Management taking part in the above evaluation. At the end of this evaluation and selection process, the authorised intermediaries are parametrised by type of instrument in the order management system.

The list of authorised intermediaries by type of instrument, as detailed in Annex 2, may be revised at any time between two Selection Committee meetings if the service offered by an intermediary deteriorates in comparison to its previous evaluation.



Order execution policy

Groupama Asset Management has opted for the status of “professional client” in relation to its brokers and/or counterparties, to which it transmits the orders for execution.

The brokers and/or counterparties are also obliged to provide the asset management company with “Best Execution”, especially if the company is acting on behalf of its Clients.

In other words, the “Best Execution” obligation applies whenever Groupama Asset Management transmits orders to intermediaries on behalf of its Clients, concerning financial instruments covered by MiFID. This is the case when a Client is legitimately relying on Groupama Asset Management to protect its interests in terms of price and other transaction criteria, which can be affected by the way in which Groupama Asset Management transmits an order.

Organisation and methods

Depending on the type of financial instruments, the relevant transaction and the ordering party, orders are executed by:

| Type of markets | Ordering party | Financial instruments | Order execution |
|-------------------|----------------------|--|-----------------------------------|
| Secondary Markets | Groupama AM Managers | Bonds, equities and equivalents, ETFs, listed derivatives, FOREX | Dealing Desk |
| | | OTC derivatives | Dealing Desk or Portfolio Manager |
| | | French negotiable debt securities (TCNs), Repos | Portfolio Manager |
| | Other group entities | Bonds, equities and equivalents, ETFs, listed derivatives, FOREX | Dealing Desk |
| Primary Markets | Groupama AM Managers | Bonds, equities and equivalents | Dealing Desk |
| | | OTC derivatives | Portfolio Manager |
| | | French negotiable debt securities (TCNs) | Portfolio Manager |
| | Other group entities | Bonds, equities and equivalents | Dealing Desk |



To ensure the traceability of the orders and of their execution, all transactions are centralised in the order management module of one of the software programs used by Groupama AM, as a function of the Client or portfolio concerned. This system may in addition be connected to the various trading platforms via the FIX protocol, as well as to the confirmation tools for transactions with counterparties, custodians and fund administrators.

Order execution factors and criteria

To preserve the interests of its Clients, Groupama Asset Management has implemented methods and procedures necessary to minimise the impact of orders transmitted to the market by taking into account, among other things, the relative size of the orders with respect to the liquidity of the instrument traded. In this context, the order execution criteria that Groupama Asset Management takes into consideration to decide the best execution of an order on behalf of its Clients are as follows:

- Price
- Costs
- Size and/or nature of the order
- Speed of execution and processing
- Likelihood of order execution and settlement*
- Any other consideration concerning the order.

** For transactions on the primary market, only this criterion is applied, given the single price offered and the quota limits of the quantity served.*

The relative importance of the execution criteria considered by Groupama Asset Management depends on the following factors (see annexed table):

- Type of financial instrument
- Characteristics of the order
- Execution venue to which the order can be directed
- The Client (in particular, classification as Professional Client or Non-Professional Client)



Aggregated orders

If orders for the same instrument are received from different Clients, with identical terms and direction, Groupama Asset Management reserves the right to aggregate the orders from different portfolios to obtain the best possible execution, especially in terms of costs, provided that the interests of the Clients are preserved, in conformity with the terms of the General Regulation of the French Financial Markets Authority (AMF).

The procedures for the aggregation and pre-allocation of orders are implemented in the software tools. In the case of partially filling an issued order, the portfolios are allocated with an identical price for each allocation and prorated on the basis of the initial request, taking into account the minimum order sizes for each instrument.

Execution venues

MiFID defines an execution venue as a regulated market, a multilateral trading facility (MTF), an organised trading facility (OTF), a systematic internaliser, a market maker, another liquidity supplier or an entity that performs similar tasks in a third country to those carried out in any of the venues cited above.

Groupama Asset Management may transmit the orders of its Clients, or the orders resulting from its own investment decisions for execution at the various execution venues listed above, by various transmission methods, in particular:

- via an intermediary;
- directly to a counterparty;
- on an electronic trading platform.

These different channels and execution venues are selected according to the procedures described in the Annex, depending on the instrument traded, the type of order, the liquidity conditions and the price offered.

Depending on the class of assets and the execution venue, the risks, including counterparty risks, pertaining to execution may differ.

Groupama Asset Management transmits an order, received from a Client for execution, to an intermediary authorised under this policy. In the event of specific instructions from the Client, Groupama Asset Management may not be able to apply all or part of the measures under its policy to obtain the best possible result.

Groupama Asset Management will provide, on simple request from the Client, any additional information regarding the consequences of a method of execution.



Reporting of execution

The Commission Delegated Directive (EU) 2017/593 of 7 April 2016 supplementing Directive 2014/65/EU also requires the publication of an annual report on the data relative to the quality of the execution of orders for RTO services and portfolio management for third parties. The report must include, for each class of financial instrument and by type of client, information relative to the five execution intermediaries used. These data will be included in the report, which will be available on the Groupama Asset Management website.

Monitoring and auditing of the order execution policy

Groupama Asset Management ensures the efficiency and implementation of its execution policy, as a foundation for monitoring the orders executed in accordance with the criteria and factors described in the previous sections.

Periodic checks are conducted to verify that the service provided complies with the execution policy. Additionally, the intermediaries are monitored by an ad hoc committee, which monitors the appropriate distribution of volumes, compliance with the list of authorised intermediaries, etc.

Groupama Asset Management will audit its order execution policy at least annually and whenever necessary, in the interests of its Clients.

Information on changes in the execution policy

Groupama Asset Management will inform its Clients of any change in its execution policy by providing an updated version on its website. Accordingly, Groupama Asset Management invites its Clients to check the website regularly for the latest version of its execution policy.



ANNEX 1

Execution channels and procedures per type of financial instrument

| Financial instruments | Execution venues | Execution channels and methods | Execution criteria* |
|---|--|--|--|
| Equities and equivalents | Regulated markets Multilateral Trading Facilities Systematic internalisation | Orders are transmitted to the market via an authorised intermediary | Liquidity Price Cost |
| Temporary sale of securities (Repos) | Market maker | Orders are transmitted to the market via competition between several authorised counterparties | Price Liquidity Settlement probability |
| FOREX | Multilateral Trading Facilities Market maker | Orders are transmitted to the market via competition between several authorised counterparties | Price Liquidity |
| ETFs (all underlying) | Regulated markets Multilateral Trading Facilities Systematic internalisation Market maker | Orders are transmitted to the market: - via an authorised intermediary - via competition between several authorised counterparties | Price Cost Liquidity Settlement probability |
| Futures (equities, indices, fixed income securities, FOREX) | Regulated markets | Orders are transmitted to the market via an authorised intermediary | Speed of execution Price Cost |
| Bonds | Multilateral Trading Facilities Systematic internalisation Market maker | Orders are transmitted to the market via competition between several authorised counterparties | Price Liquidity Settlement probability |
| Listed options (equities, indexes, futures, FOREX, etc.) | Regulated markets Multilateral Trading Facilities | Orders are transmitted to the market: - via an authorised intermediary - via competition between several authorised counterparties | Price Liquidity Cost |
| OTC derivatives (swaps, CDS, CDS options, etc.) | Market maker Multilateral Trading Facilities Systematic internalisation OTC | Orders are transmitted to the market via competition between several authorised counterparties | Price Liquidity Settlement probability |
| TCN - French negotiable debt securities | Multilateral Trading Facilities Systematic internalisation Market maker | Orders are transmitted to the market: - via an authorised intermediary - via competition between several authorised counterparties | Price Liquidity Settlement probability |

* Without presumption as to the ranking applied to each order.



ANNEX 2

List of authorised brokers at 02/01/2018

| Equities, ETFs and equivalents | Bonds, French negotiable debt instruments (TCNs) and equivalents | |
|--|--|---|
| Aurel BGC Barclays Berenberg BNP CM-CIC Citigroup Credit Suisse Deutsche Bank Exane FlowTrader Goldman Sachs Handelsbanken ING Group Instinet ITG JP Morgan Kepler Capital Markets Liquidnet (1) Mainfirst Merrill Lynch Morgan Stanley Natixis Oddo BHF Securities Oppenheimer Raymond James RBC (Royal Bank of Canada) Societe Generale Stifel Nicolaus Tradition UBS | Abn Amro ANZ (Australia and New Zealand Bank) Banca IMI Banco Santander Barclays BBVA (Banco Bilbao Vizcaya Argentaria) BGC BNP Paribas BRED CACIB (Crédit Agricole CIB) CBA (Commonwealth Bank Australia) Citigroup CM-CIC Commerzbank Credit Suisse Danske Bank Deutsche Bank Exane GFI Goldman Sachs HPC HSBC ING Group JP Morgan Kepler Capital Markets Liquidnet (1) Lloyds MarketAxess (1) Merrill Lynch Mitsubishi UFJ Securities Mizuho Securities Morgan Stanley NAB (National Australian Bank) Natixis Nomura NORD LB Octo Finances Oddo BHF Securities Rabobank RBC (Royal Bank of Canada) RBS (Royal Bank of Scotland) | SEB (Skandinaviska Enskilda Banken) Societe Generale Toronto Dominion Tradition Tullet UBS UniCredit Wells Fargo Westpac Other financial instruments (FOREX, listed derivatives, OTC) BGC Barclays BNP Paribas BRED (2) CACIB CACEIS Bank Lux (2) Citigroup Citibank (2) Commerzbank (2) Crédit Suisse Deutsche Bank Exane GFI Goldman Sachs HSBC ING JP Morgan Natixis Merrill Lynch Mediobanca (2) Morgan Stanley Nomura Orange Bank (2) RBC (Royal Bank of Canada) RBS (Royal Bank of Scotland) Société Générale StateStreet Tradition UBS Unicredit |

(1) Platform authorised for the settlement/delivery of securities

(2) For a specific scope