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Best selection / Best execution Policy

Tikehau Investment Management
Management company approved by the AMF (GP-07000006)
Simplified Joint Stock Company with a capital of 2,528,900 Euros
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1. Foreword

1.1 Introduction

This document is made available to the public pursuant to the provisions of Article 321-114 IV of the AMF's General Regulations. It aims to present the approach adopted by Tikehau Investment Management to guarantee the best possible execution results for its clients.

1.2 Regulatory context

Article 24 (1) of the Markets in Financial Instruments Directive 2014/65/EU ("MiFID 2") and Article 26 of Regulation (EU) No 600/2014 ("MiFID") of the European Parliament and of the Council of 15 May 2014 extended and strengthened the "best execution" requirements for orders already implemented under the Markets in Financial Instruments Directive 2004/39/EC ("MiFID 1").

The "best execution" obligation is implemented by taking all reasonable measures to obtain the best possible execution result taking into account, inter alia, the following factors: price, cost, timeliness, likelihood of execution and settlement, size and nature of the order. These execution factors are to be weighted depending of the characteristics of the order, the financial instruments concerned, the execution venues and the characteristics of the client.

The "best execution" obligation takes the form of "best selection" when the investment services provider does not execute its orders itself but transmits them to a market member. In this case, it consists of the obligation to select the market intermediary most likely to deliver the best possible execution.

1.3. Scope

This policy applies to Tikehau Investment Management and its branches. It lays down principles which are intended to apply to all asset classes handled by Tikehau Investment Management on behalf of the funds under management, regardless of the place of execution and the fact that the execution is carried out directly by the Company or entrusted to a third party.

2. Market intermediary selection policy

2.1. Fields of application

The policy for selecting market intermediaries applies to all financial instruments and financial contracts traded on regulated markets (including off-exchange trading) or multilateral trading facilities.

The financial instruments and contracts concerned are as follows :

- shares and similar instruments,
- futures and similar instruments,
- standardized options and similar instruments.

2.2. Principles

Tikehau Investment Management is not a market member and, as such, does not itself execute orders placed on behalf of the funds under management and relating to financial products traded on the financial markets.

The fund managers of Tikehau Investment Management transmit their orders to the traders of the internalised intermediation table, who then transmit them to the brokers in charge of their execution.

Tikehau Investment Management is always careful to be categorized as a "professional client" within the meaning of MiFID 2 by its market intermediaries, in order to benefit from a sufficient level of protection and assurance as to the best execution of the orders it transmits to them.

2.3 Selection and listing of market intermediaries

Tikehau Investment Management carefully selects the market intermediaries it trusts to execute the orders it receives. The selection of market intermediaries is based in particular on their ability to meet the following criteria:

- reputation and recognition,
- best execution policy adopted,
- level of prices offered in relation to available liquidity,
- quality and relevance of order execution services,
- quality of investment decision support services (including research),
- quality of administrative processing (back-office and middle-office),
- scope of services offered,
- proposed level of transparency,
- costs and fees.

The listing of a market intermediary is only done after the usual due diligence procedures have been carried out to ensure the good repute of the counterparty and to compile a file. The entry into commercial relations with new brokers is subject to the approval of the RCCI of Tikehau Investment Management and has to be validated during a broker committee.

An updated list of counterparties is maintained in the OMS to guarantee trades only occur with authorized counterparties. Off-exchange trading of listed instruments can be executed without the OMS, via communication channels such as Bloomberg chats for example, when such channels provide better pricing. For these trades, the list of authorized counterparties is consulted prior to trading.

2.4. Choice of market intermediaries

Tikehau Investment Management only transmits its orders to referenced intermediaries in order to guarantee the best possible execution. To determine which broker is best able to deliver best execution, the trading teams consider the following factors:

- characteristics and constraints of the portfolio,
- characteristics and specificities of the broker,
- prices offered,
- associated costs,
- speed of execution,
- probability of execution and outcome,
- size and nature of the order,
- any other consideration related to the execution of the order.

2.4 Periodic Evaluation

The evaluation of market intermediaries is formalised quarterly by the "Broker Committee", made up of representatives of the Portfolio Management, Trading, Middle Office, Risk Management and Compliance teams. Brokers are evaluated on the basis of the following criteria:

- price level in relation to the liquidity offered,
- quality of order execution,
- quality of investment decision support services,
- scope of services offered,
- quality of administrative processing,
- proposed level of transparency,
- availability and reactivity,
- costs and fees.

Tikehau Investment Management takes into account the results of the assessment in the allocation of brokerage volumes and the continuation of its business relationships with the referenced brokers.

3. Best Execution Policy

3.1 Scope of application

As Tikehau Investment Management is not a market member, the best execution policy applies only to financial securities traded over-the-counter or traded through multilateral trading facilities and to financial contracts traded over-the-counter.

The financial instruments concerned are as follows :

- bonds and similar (sovereign bonds, corporate bonds, convertible bonds)
- negotiable debt instruments
- interest rate, foreign exchange or credit derivatives (total return swaps, FX forwards, credit default swaps)

3.2. Principles

3.2.1. Over-the-counter transactions in financial instruments

Tikehau Investment Management takes all necessary measures to ensure the best execution of OTC orders. To this end, the Company takes into account the following criteria in particular:

- characteristics and constraints of the portfolio,
- characteristics and specificities of the counterparty,
- prices offered,
- associated costs,
- speed of execution,
- probability of execution and outcome,
- size and nature of the order,
- any other consideration related to the execution of the order.

The vast majority of trading execution is made under a competitive basis, where best price available after several counterparties are requested, is the main metric considered in the choice of counterparty to trades. To be noted there can be additional factors taken into account for the choice of the counterparty, for instance: effective delivery availability, irregular settlement dates, etc.

In some occasions the best execution requires to ask for execution price on a non-competitive basis, ie to only one selected counterparty. Reduced liquidity happens in some market contexts due to external shocks or ongoing market sentiment, existing market positioning on a specific security or derivative, fast markets background, one way markets.. On these occasions asking for price to several market counterparties at the same time can be self-defeating and may lead to the trade not being executed or at a more onerous cost than keeping the trade request to only one axed counterparty, with which it is expected the trade will maximize liquidity, effective access, price, confidentiality and other criteria the execution team may apply.

Portfolio managers and execution teams are required to select between competitive or non competitive price requests, to the best of their sole assessment, in a view to execute the

contemplated trade in the best possible way while keeping in mind the ultimate interest of the funds holders.

Selection of counterparties is duly documented.

3.2.2. Transactions on over-the-counter financial contracts

Tikehau Investment Management enters into OTC financial contracts only with authorized counterparties, i.e. with whom ISDA/CSAs have been concluded.

3.2.3. Transactions in financial instruments via multilateral trading facilities

Tikehau Investment Management may use multilateral trading facilities to execute orders placed on behalf of the funds under management. The selection of the platforms used is made in particular on the basis of the following criteria: reputation and market recognition, regulation of the platform by a financial market regulatory authority established in a European Union country or in an equivalent third country, existence and robustness of the system for the admission of participants, scope of the instruments covered, quality of the proposed tool, quality of the services provided, requested remuneration, and, liquidity offered by the platform.

As most multilateral trading facilities do not offer a guarantee of best execution, Tikehau Investment Management takes all necessary measures to ensure the best execution of orders traded through them.

To do so, the Company takes into account the following criteria in particular:

- characteristics and constraints of the portfolio,
- characteristics and specificities of the counterparty,
- prices offered,
- associated costs,
- speed of execution,
- probability of execution and outcome,
- size and nature of the order,
- any other consideration related to the execution of the order.

3.3. Periodical assessment

The evaluation of market counterparties is formalised quarterly by the "Broker Committee", made up of representatives of the Portfolio Management, Trading, Middle Office, Risk Management and Compliance teams. Brokers are evaluated on the basis of the following criteria:

- price level in relation to the liquidity offered,
- quality of investment decision support services,
- scope of services offered / quoted universe,
- quality of administrative processing,
- proposed level of transparency,
- availability and reactivity,
- costs and fees.

Business relationship, ability to propose primary market products and block ability will also be taken into account when applicable.

Tikehau Investment Management takes into account the results of the assessment in the allocation of OTC volumes and the continuation of its business relationships with the referenced counterparties.