

## **TIKEHAU INVESTMENT MANAGEMENT**

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### **BEST SELECTION AND BEST EXECUTION POLICY**

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**Tikehau Investment Management**  
**Portfolio management company approved by the AMF (GP-07000006) of the Tikehau Capital Group**  
**Simplified Joint Stock Company with a share capital of €2,528,900**  
**Registered office: 32, rue de Monceau (Capital 8) – CS 40121 - 75008 Paris**  
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**Company registered with the Paris Trade and Companies Register under number 491 909 446**

## FOREWORD – TIKEHAU INVESTMENT MANAGEMENT

Created by Tikehau Capital at the end of 2006, Tikehau Investment Management (“Tikehau IM”) is the main asset management platform of the Tikehau Capital Group.

Tikehau IM has been authorized by the AMF since December 2006 as a portfolio management company (under number GP-07000006) for:

- The management of UCITS (“Undertakings for Collective Investment in Transferable Securities”)
- The management of AIFs (“Alternative Investment Funds”)
- Portfolio management on behalf of third parties (“Mandates”)

More information on Tikehau IM’s activities is available on the management company’s website: <https://www.tikehaucapital.com/fr/our-expertise/liquid-strategies>.

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## 1. INTRODUCTION

In accordance with current regulations, this document is made available to the public.

Its purpose is to present the procedures adopted by the management company in the context of its activities in order to comply with its obligation to take all sufficient measures to obtain, when executing orders, the best possible result for investors.

It therefore details the arrangements adopted regarding:

- Best selection of financial intermediaries for the execution of its orders, and
- Best execution of its orders.

## 2. SCOPE OF APPLICATION

The procedures described in this document apply to:

- Tikehau IM (UCITS funds and managed mandates, hereinafter “managed funds”) as well as,
- All its branches and to orders executed as part of a financial management delegation granted by Tikehau IM to certain entities of the Tikehau Capital Group<sup>1</sup>
- And to all financial instruments covered by this policy, regardless of the place of execution and whether the execution is carried out directly by the management company (“best execution”) or entrusted to a market intermediary (“best selection”).

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<sup>1</sup> Additional details are available in the legal documentation of the relevant funds.

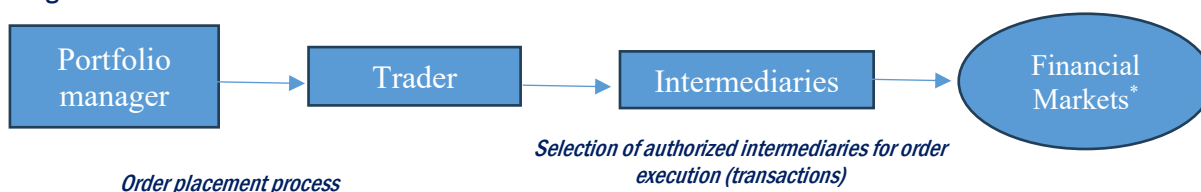
It is specified that Tikehau IM has entered into a cooperation and services agreement with another entity of the Tikehau Capital Group, “*Tikehau Capital Europe Limited* (TCE)”, which notably includes the execution of transactions for AIF funds managed by Tikehau IM (“managed funds”). However, transactions are executed under the execution policy of Tikehau Investment Management.

### 3. MAIN PRINCIPLES OF BEST SELECTION AND BEST EXECUTION

#### ▪ Best selection

not execute transactions itself resulting from investment decisions made by managers (notably on regulated markets of which it is not a member) and uses market intermediaries for this purpose.

Therefore, the management company is required to exercise “best selection” of market intermediaries to whom it entrusts the execution of orders on behalf of managed funds, and these intermediaries are then subject to the obligation of best execution of orders on behalf of Tikehau IM.



(\*) Regulated markets, multilateral trading facilities, organized trading systems, systematic internalisers, over-the-counter, or even market intermediaries selected by the intermediary.

#### ▪ Best execution

Tikehau IM is subject to the obligation of best execution when it executes itself the transactions resulting from investment decisions made by managers on organized markets (such as Multilateral Trading Facilities – MTF) and over-the-counter (OTC) for the managed funds.

Therefore, the management company is required to exercise “best execution,” meaning the obligation to take all sufficient measures to obtain, when executing orders, the best possible result for the managed funds.



\*Tikehau IM only executes orders on authorized MTFs (see dedicated section below).

\*\*For OTC, Tikehau IM only executes transactions with authorized counterparties (see dedicated section below)

### 4. POLICY FOR SELECTING MARKET INTERMEDIARIES

Tikehau IM, for the execution of transactions on behalf of managed funds, may use market intermediaries or “brokers.”

#### Financial instruments concerned:

- Equities and similar instruments
- Bonds and money market instruments
- Financial futures contracts (such as futures, options, and any other instrument of this nature authorized by the legal documentation of the managed funds)

### **Selection of market intermediaries:**

The selection of market intermediaries is initiated by the Front Office (trader), who submits their request to various departments of Tikehau IM, notably Middle Office, Compliance, and Risk, so that they can carry out the usual internal due diligence.

Tikehau IM carefully selects the intermediaries it uses, and the onboarding of a new market intermediary only occurs after the aforementioned due diligence has been completed, notably to ensure their integrity. Tikehau IM reserves the right to refuse a relationship if the proposed intermediary does not meet internal requirements.

The selection of market intermediaries is based in particular on their ability to meet the following criteria:

- Reputation and market recognition
- Adopted best execution policy
- Level of prices offered relative to available liquidity
- Quality of order execution services and investment decision support services (including research)
- Quality and respect of settlement-delivery deadlines (middle office and back office)
- Range of services offered
- Level of transparency provided
- Costs and fees

Tikehau IM maintains a list of authorized market intermediaries and conducts regular due diligence during the business relationship to assess whether to continue the relationship. Tikehau IM also reserves the right to interrupt and terminate a business relationship in case of exceptional events and/or if the authorized intermediary no longer meets internal requirements.

Furthermore, Tikehau IM ensures that it is systematically categorized by intermediaries as a “professional client” within the meaning of Directive 2014/65/EU of the European Parliament and Council of 15 May 2014 on markets in financial instruments (MiFID II) to benefit from the obligation of best execution incumbent on them due to this status.

### **Evaluation of selected market intermediaries:**

Selected market intermediaries are regularly evaluated by the various departments of Tikehau IM (Front Office, Middle Office, Compliance, and Risk), formalized during the “Brokers and Counterparties Committee” held quarterly. During this committee, market intermediaries are evaluated based on the following criteria:

- Price level relative to proposed liquidity
- Quality of order execution
- Quality of investment decision support services
- Range of services offered
- Quality of administrative processing (settlement-delivery)
- Level of transparency provided
- Availability and responsiveness
- Costs and fees
- Incidents, if any

Tikehau IM takes the results of these evaluations into account in the allocation of brokerage volumes and the continuation of its commercial relationships with intermediaries.

### **Selection criteria for choosing a market intermediary (for execution):**

To determine the intermediary most able to deliver the best execution for transmitted orders, the trading teams consider the following factors:

- Characteristics and constraints of the portfolio

- Characteristics and specifics of the intermediary
- Prices offered
- Associated costs
- Speed of execution
- Probability of execution and settlement
- Size and nature of the order
- Any other consideration related to order execution

A matrix by criteria (including their prioritization) and execution venues by type of financial instrument is available in Annex III of this document.

## **5. BEST EXECUTION POLICY**

Tikehau IM, for the execution of transactions on behalf of managed funds, may execute itself the transactions resulting from investment decisions made by managers – outside regulated markets of which it is not a member – on so-called “organized” markets (such as Multilateral Trading Facilities – MTF) and over-the-counter (OTC) for the managed funds. Transactions are then executed against counterparties, executing transactions for their own account (some may be systematic internalizers for certain categories of financial instruments such as bonds under MiFID II).

Therefore, the management company is required to exercise “best execution,” meaning the obligation to take all sufficient measures to obtain, when executing orders, the best possible result for the managed funds.

### **Financial instruments concerned:**

- Equities and similar instruments
- Bonds and money market instruments
- Derivatives (such as options, swaps (including total return swaps “TRS”), forwards, credit default swaps “CDS,” and any other instrument of this nature authorized by the legal documentation of the managed funds)

### **Trading venue concerned :**

- Multilateral Trading Facilities (“MTF”)
- Over-the-counter (“OTC”), including executions against systematic internalizers

### **Selection of Multilateral Trading Facilities (“MTF”)**

Tikehau IM, for the execution of transactions on behalf of managed funds, may execute transactions itself on Multilateral Trading Facilities (MTF) or so-called “organized” markets of which it is a member.

The selection of MTFs on which the trader may execute transactions follows the same process as the selection of market intermediaries mentioned above, with due diligence carried out on the managers/operators of the proposed trading system. The same applies to their evaluation.

The selection criteria for MTFs are as follows:

- Reputation and market recognition
- Regulation of the platform by a financial market regulatory authority established in an EU country or an equivalent third country
- Existence and robustness of the participant admission system
- Range of instruments covered
- Quality of the tool and services provided
- Costs and fees
- Liquidity offered by the platform

### **Selection of counterparties (OTC)**

The selection of counterparties is initiated by the Front Office (trader), who submits their request to various departments of Tikehau IM, notably Middle Office, Compliance, and Risk, so that they can carry out the usual internal due diligence.

Tikehau IM carefully selects the counterparties with which it executes transactions, and the onboarding of a new counterparty only occurs after the aforementioned due diligence has been completed, notably to ensure their integrity. Tikehau IM reserves the right to refuse a relationship if the proposed counterparty does not meet internal requirements.

The selection of counterparties is based in particular on their ability to meet the following criteria:

- Reputation and market recognition
- Level of prices offered relative to available liquidity
- Quality and respect of settlement-delivery deadlines (middle office and back office)
- Level of transparency provided

Tikehau IM maintains a list of authorized counterparties and conducts regular due diligence during the business relationship to assess whether to continue the relationship. Tikehau IM also reserves the right to interrupt and terminate a business relationship in case of exceptional events and/or if the authorized counterparty no longer meets internal requirements.

It should also be noted that the execution of OTC financial futures contracts is only carried out with counterparties with whom an ISDA/CSA agreement has been concluded beforehand.

#### **Evaluation of selected counterparties:**

Selected counterparties are regularly evaluated by the various departments of Tikehau IM (Front Office, Middle Office, Compliance, and Risk), formalized during the “Brokers and Counterparties Committee” held quarterly. During this committee, market intermediaries are evaluated based on the following criteria:

- Price level relative to proposed liquidity
- Quality of order execution
- Quality of administrative processing (settlement-delivery)
- Level of transparency provided
- Availability and responsiveness
- Incidents, if any

Tikehau IM takes the results of these evaluations into account in the allocation of execution volumes and the continuation of its commercial relationships with counterparties.

#### **Selection criteria for choosing a counterparty (for execution):**

Whether transactions are executed on an MTF or OTC, Tikehau IM considers the following criteria to ensure the best execution of orders:

- Characteristics and constraints of the portfolio
- Characteristics and specifics of the counterparty
- Prices offered
- Any associated costs
- Speed of execution
- Probability of execution and settlement
- Size and nature of the order
- Any other consideration related to order execution

Portfolio managers and the trader in charge of execution are required to choose, to the best of their judgment, the counterparty most able to execute the intended transaction in the best possible way, always keeping in mind the primacy of the final interest of investors.

A matrix by criteria (including their prioritization) and execution venues by type of financial instrument is available in Annex III of this document. In the vast majority of cases, transactions are executed on a competitive basis, where the best available price after requesting several counterparties is the main criterion considered in choosing the counterparty for transactions. However, other factors may be considered for the choice of counterparty, for example: effective availability of delivery, irregular settlement dates, etc.

## **6. PREVENTION OF CONFLICTS OF INTEREST**

In accordance with regulations, Tikehau IM has adopted the following measures, summarized below, to eliminate the risk of conflicts of interest between one or more managed funds and to maintain equality among investors:

- Pre-allocation, grouping, and timestamping of orders, with allocation of executed quantities in proportion to the initial allocation in case of partial execution.
- Supervision of transactions between managed funds or “cross trades,” subject to prior approval by the Risk and Compliance departments, which examine the interest of all portfolios concerned by the operation and ensure that the prices proposed for execution are appropriate. Transactions are executed by the Management Company itself on MTFs, or through a market intermediary. It should be noted that these transactions remain occasional.
- Subscription in funds managed by Tikehau IM: the subscription must be authorized by the legal documentation of the funds concerned, and Tikehau IM chooses not to charge management fees in the invested funds, thus avoiding a “double” charging of management fees for transparency.

## **7. EXECUTION REPORT OR « RTS 28 »**

As part of its portfolio management activity on behalf of third parties, Tikehau IM produces an annual execution report or “RTS 28.” This document is available on its website.

## **8. DATA RETENTION POLICY**

In accordance with regulations, Tikehau IM retains for a minimum period of five years the information relating to orders placed and transactions concluded on behalf of managed funds.

## **9. MONITORING**

The Compliance department carries out regular second-level controls to ensure compliance with the internal procedures in force relating to the measures adopted and detailed in this document.

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## 10. ANNEX I: AUTHORIZED TRADING AND EXECUTION VENUES

- Multilateral Trading Facilities – MTFs selected by the Management Company
- Over the counter (OTC) with authorized counterparties, which may include systematic internalizers, also commonly referred to as “market makers”
- Authorized execution venues of selected intermediaries

## 11. ANNEX II: FINANCIAL INSTRUMENTS COVERED BY THIS DOCUMENT

- Equities and similar instruments
- Bonds and money market instruments
- Financial futures contracts (such as futures, options, swaps, CDS, forwards, and any other instrument of this nature authorized by the legal documentation of the managed funds)

## 12. ANNEX III: CRITERIA AND EXECUTION VENUES BY TYPE OF FINANCIAL INSTRUMENT

NATURE OF INSTRUMENTS	EXECUTION STRATEGIES	EXECUTION VENUE	HIERARCHY OF FACTORS CONSIDERED
Equities and similar	Use of market intermediaries	Regulated markets and other execution venues selected by the market intermediary	1. Price 2. Order size 3. Order nature 4. Speed of execution 5. Probability of execution and settlement
Debt instruments (bonds, money market instruments)	- Execution by Tikehau IM (competitive bidding among counterparties*), or - Use of market intermediaries	- OTC, - Systematic internalizers - Multilateral Trading Facilities (MTFs) - Other execution venues selected by the market intermediary	1. Price 2. Order size 3. Order nature 4. Speed of execution 5. Probability of execution and settlement
Loans	- Execution by Tikehau IM (competitive bidding among counterparties*), or - Use of market intermediaries	OTC	1. Price 2. Speed of execution 3. Probability of execution and settlement 4. Order size 5. Order nature
Shares of money market UCIs not managed by Tikehau IM	Subscription/redemption at unknown net asset value	Subscription is made through the depositary of the fund managed by Tikehau IM	According to internal selection criteria set by the management team
Listed financial futures contracts	Use of market intermediaries	Regulated markets and other execution venues selected by the market intermediary	1. Price 2. Order size 3. Order nature 4. Speed of execution 5. Probability of execution and settlement
Non-listed currency financial futures contracts	Execution by Tikehau IM (competitive bidding among counterparties*)	OTC	1. Price 2. Order size 3. Speed of execution 4. Probability of execution and settlement
Non-listed financial futures contracts (excluding currency)	Execution by Tikehau IM (competitive bidding among counterparties**)	OTC	1. Offer adapted to the underlying sought 2. Price 3. Order size 4. Probability of execution and settlement

*\*In certain cases, best execution requires requesting the execution price on a non-competitive basis, i.e., from a single selected counterparty. Reduced liquidity occurs in certain market contexts due to external shocks or market sentiment, existing market positioning on a specific financial instrument, a fast*



*market context, or one-way markets. In these particular circumstances, the Management Company considers that requesting a price from several market counterparties at the same time may run counter to the intended purpose and lead to non-execution of the transaction or a higher cost than if the transaction request were addressed to a single selected counterparty, with whom the transaction should maximize liquidity, effective access, price, confidentiality, and other criteria that the trader in charge of execution may apply.*

*\*\*The degree of specificity of the contract, and particularly the underlying considered, may result in a more limited number of counterparties solicited.*

### **13.ANNEX IV: MAIN REGULATORY REFERENCES (NON-EXHAUSTIVE)**

UCITS:	AMF General Regulation, Section 2 – Processing and execution of orders (Articles 321-107 to 321-115)
AIF:	- AMF General Regulation, Section 2 – Processing and execution of orders (Article 319-8) - AIFM Regulation (231/2013/EU), Articles 27 to 29
Portfolio management	AMF General Regulation, Section 6 – Processing and execution of orders when providing portfolio management services (Article 314-12)

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