

MONOCLE AM	<b>Best Selection / Execution Policy research</b>	Reference: IV-4  Version: 1.0
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Responsibility	
Person responsible for the procedure	Mimoza BOGESKA
Service	Financial Management
Relay correspondent	Charles MONOT

Objective of the procedure
<p>This procedure describes how the selection policy and the execution policy are established, as well as the measures put in place to obtain the best possible result when MONOCLE AM carries out its portfolio management activity.</p> <p>It also defines the measures implemented to monitor the effectiveness of the enforcement arrangements orders.</p>

List of tools/applications used	
Tool(s)	Microsoft Office
Application(s)	Dropbox

<sup>1st</sup> level controls	Archiving (yes/no)	Storage location
MONOCLE AM	Yes	Dropbox
AGAMA CONSEIL	Yes	Internal server

Management of procedure updates				
Version	Date	Status	Author	Nature of the changes
1.0	05/02/2020	To be validated	AGAMA Conseil	Creation
1.0	21/02/2021	Validation	MONOCLE AM	Proofreading and Validation

MONOCLE AM	<b>Best Selection / Execution Policy research</b>	Reference: IV-4 Version: 1.0
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Summary

- 1. Preamble**3
- 2. Best selection & best execution device**3
  - 2.1. Objectives of the scheme
  - 2.2. MiFID3 categorization
  - 2.3. Methods of transmitting orders
  - 2.4. Selection of the implementing ISPs ..... 4
  - 2.5. Selected locations ..... 4
  - 2.6. Performance Evaluation Criteria ..... 4
  - 2.7. Intermediation fee report ..... 4
- 3. External research**5
  - 3.1. Definition of research
  - 3.2. Independent research conducted by SGP
- 4. Evaluation device** ..... 5
  - 4.1. Device for assessing the quality of execution..... 5
  - 4.2. Policy Review
- 5. Control device**6
  - 5.1. Control of 1<sup>er</sup> level
  - 5.2. Control of 2<sup>nd</sup> level
- 6. Annexes**7
- Appendix 1: List of Authorized Financial Instruments and Contracts**7
- Annex 2: List of authorized financial intermediaries**8
- Annex 3: Due Diligence of Financial Intermediaries**8

MONOCLE AM	<b>Best Selection / Execution Policy research</b>	Reference: IV-4  Version: 1.0
------------	---	-------------------------------------

## 1. Preamble

MONOCLE AM is an institution approved by the Autorité des Marchés Financiers (AMF) as a portfolio management company.

The Markets in Financial Instruments Directive (Directive 2014/65/EU, known as "MiFID 2") and the Regulation The purpose of the "MiFIR" directive is to revise the "MiFID 1" directive in order to strengthen the security, transparency and functioning of financial markets, as well as the protection of investors.

The best-execution requirement under MiFID 1 is an essential part of the directive and is intended to promote both overall market efficiency and the best possible result at the individual level when the ISP is acting on behalf of its clients.

MiFID 2 strengthens the obligation to obtain the best possible result when executing an order, requiring authorised ISPs to use more resources. It also provides for greater transparency by publishing information about the five main ISPs used for execution and the quality of execution obtained.

In the event of delegation of management by MONOCLE AM to another regulated management entity, the The delegatee's order selection and execution policy will apply.

MONOCLE AM uses the dealing room of Credit Suisse Fund Services (Luxembourg) S.A. (hereinafter "**Credit Suisse Luxembourg**"), an institution registered with the Luxembourg Trade and Companies Register under number B45.727, for the execution of orders.

Credit Suisse, as the ISP for RTO and third-party order execution services, has of its own best selection & best execution policy to which MONOCLE AM refers.

## 2. Best selection & best execution device

### 2.1. Objectives of the system

MONOCLE AM is not a market member. Consequently, it does not execute orders on the financial markets itself.

The Management Company may transmit and place orders with approved brokers, ISPs and counterparties with a view to their execution without having prior knowledge of the final execution venue.

### 2.2. MiFID categorization

MONOCLE AM systematically opts for "professional client" status with regard to its execution ISPs, in order to benefit from an adequate level of protection from them, particularly with regard to the quality of execution of its orders.

### 2.3. Methods of transmitting orders

Orders are transmitted to Credit Suisse and/or selected brokers for execution in accordance with the Order Placing Procedure.

MONOCLE AM	<b>Best Selection / Execution Policy research</b>	Reference: IV-4  Version: 1.0
------------	---	-------------------------------------

## 2.4. Selecting the Execution ISPs

MONOCLE AM has defined a selection/authorisation process for executing ISPs. This authorisation process is based on :

- A due diligence phase to ensure that the executing ISP meets MONOCLE AM's requirements (prudential, professional, reputation, good conduct, etc.) according to the format presented in the appendix;
- An authorization process by the directors - managers.

## 2.5. Selected locations

The types of execution venues per class of Financial Instruments as well as the strategy applied by A description of the procedures used by Crédit Suisse Luxembourg to obtain the best possible execution is available on its website.

Annually, Crédit Suisse Luxembourg publishes its *Top 5* Reports on the 5 main ISPs and contracts used during the past calendar year on its website.

## 2.6. Performance Evaluation Criteria

The selected intermediary must be able to provide MONOCLE AM with regular reports to demonstrate best execution (such as TCA reports). This information will enable MONOCLE AM to assess the quality of execution of orders initiated by the intermediary throughout the business relationship.

The managers express their assessment of the relationship by taking into account the following quantitative and qualitative criteria:

- The price / cost of the transaction ;
- Quality of execution;
- The ability to fully execute an order ;
- The quality of back office services (quality of payment - confirmation time - deliveries operations ...);
- The overall quality of the business relationship.

The quality of execution of orders is controlled at a second level by the delegatee AGAMA COUNCIL.

## 2.7. Intermediation fee report

In accordance with the applicable regulations, when MONOCLE AM uses investment services for its funds and the intermediation fees for the previous financial year exceeded €500,000, it must prepare a "report on intermediation fees".

This document specifies the conditions under which MONOCLE AM has used these services and reports on the measures implemented to prevent or deal with possible conflicts of interest in the choice of service providers.

This document will be made available on the MONOCLE AM website.

MONOCLE AM	<b>Best Selection / Execution Policy research</b>	Reference: IV-4  Version: 1.0
------------	---	-------------------------------------

### 3. External Research

#### 3.1. Definition of research

The characterisation of "research" is the responsibility of MONOCLE AM. Thus, it is up to MONOCLE AM to conduct its own analysis of any document or service in order to assess and justify whether or not it constitutes research in the sense of the following elements:

- Directive 2014/65/EU of the Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU ("MiFID II");
- Commission Delegated Directive (EU) 2017/593 of 7 April 2016 supplementing Directive 2014/65/EU ("Delegated Directive");
- ESMA Q&A on investor protection issues under MiFID II and MiFIR ;
- Monetary and Financial Code ("COMOFI") as amended following the entry into force of the Ordinance n°2016-827 of 23 June 2016 on markets in financial instruments;
- AMF General Regulation ("AMF General Regulation") as drafted following the transposition of the provisions of Commission Delegated Directive (EU) 2017/593 of 7 April 2016 supplementing MiFID II ;
- AMF - Guide to research funding by ISPs under MiFID 2

#### 3.2. Independent research conducted by SGP

MONOCLE AM's management team conducts independent research to identify market opportunities, relying in particular on specialised sources such as Credit Sights, Grant's, Bernstein Autonomous LLP, Reuters, but also on economic media: Les Echos, Wall Street Journal, Financial Times etc. These sources are constantly evolving according to the needs of the management team.

The managers select stocks based on fundamental and multidimensional analysis:

- Basic research using a proprietary tool (Explorer@)
- Financial diagnosis of the entity (profitability, growth)
- Management quality assessment
- Valuation and determination of fair value by the managers
- Identification of potential elements of investor overreaction.

### 4. Evaluation device

#### 4.1. Device for evaluating the quality of execution

MONOCLE AM conducts *at least* an annual assessment of the services provided by the core ISPs in terms of order execution. A report is drawn up and filed.

MONOCLE AM	<b>Best Selection / Execution Policy research</b>	Reference: IV-4 Version: 1.0
------------	---	---------------------------------

## 4.2. Policy Review

The policy must be reviewed regularly by the SGP. In the event of a change, the updated version will be directly accessible on the internet and will be deemed to be notified by MONOCLE AM to its unitholders.

## 5. Control device

### 5.1. 1<sup>st</sup> level control

The first-level control system is implemented by the MONOCLE AM management team. The managers ensure the quality of execution on an ongoing basis.

### 5.2. 2<sup>nd</sup> level control

The 2<sup>nd</sup> level control is carried out by the RCCI and AGAMA CONSEIL. The permanent control plan, implemented annually, includes controls dedicated to the present procedure. Thus, the following controls are notably carried out


- Completeness and currency of ISP records ;
- Consistency of ISP evaluation with the realized flow/allocated budget.

These controls are formalised annually in a dedicated control sheet.

MONOCLE AM	<b>Best Selection / Execution Policy research</b>	Reference: IV-4  Version: 1.0
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## 6. Annexes

### Appendix 1: List of authorized financial instruments and contracts

	<b>Descriptif du champ de l'agrément et du programme d'activité de votre société</b> en date du	20/11/2020						
Société de gestion de portefeuille :	MONOCLE ASSET MANAGEMENT							
Numéro agrément :	GP-20000040							
Chargé d'affaires AMF :	HOFF Roland							
Téléphone :	0153456147	Courriel : R.HOFF@amf-france.org						
<b>A - Activité de gestion</b>								
<input type="radio"/> Véhicule autogéré <input checked="" type="radio"/> Société de gestion de portefeuille								
<input checked="" type="checkbox"/> <b>1 - OPCVM</b> Gestion d'OPCVM au sens de la Directive 2009/65/CE (Directive OPCVM)								
<input checked="" type="checkbox"/> <b>2 - FIA</b> Gestion de FIA au sens de la Directive 2011/61/UE (Directive AIFM)								
<table border="1" style="width: 100%;"> <tr> <td style="width: 80%;">a) Gestionnaire au-delà des seuils de la Directive AIFM ou ayant opté pour l'application de la Directive AIFM</td> <td style="text-align: center;"><input checked="" type="radio"/></td> </tr> <tr> <td>b) Gestionnaire en-dessous des seuils et ne souhaitant pas opter pour l'application de la Directive AIFM</td> <td style="text-align: center;"><input type="radio"/></td> </tr> <tr> <td>c) Gestionnaire de FIA agissant sous régime dérogatoire</td> <td style="text-align: center;"><input type="radio"/></td> </tr> </table>			a) Gestionnaire au-delà des seuils de la Directive AIFM ou ayant opté pour l'application de la Directive AIFM	<input checked="" type="radio"/>	b) Gestionnaire en-dessous des seuils et ne souhaitant pas opter pour l'application de la Directive AIFM	<input type="radio"/>	c) Gestionnaire de FIA agissant sous régime dérogatoire	<input type="radio"/>
a) Gestionnaire au-delà des seuils de la Directive AIFM ou ayant opté pour l'application de la Directive AIFM	<input checked="" type="radio"/>							
b) Gestionnaire en-dessous des seuils et ne souhaitant pas opter pour l'application de la Directive AIFM	<input type="radio"/>							
c) Gestionnaire de FIA agissant sous régime dérogatoire	<input type="radio"/>							
<input type="checkbox"/> <b>3 - Mandats</b> Gestion de portefeuille pour le compte de tiers au sens de la directive 2014/65/UE (Directive MIF)								
<b>B - Instruments autorisés</b>								
1 - Instruments négociés sur un marché réglementé ou organisé (Instruments financiers cotés, TCN, ...)								
2 - OPCVM et FIA européens ouverts à une clientèle non professionnelle								
3 - FIA européens destinés à une clientèle professionnelle et FIA des pays tiers								
4 - Instruments financiers non admis à la négociation sur un marché réglementé ou organisé								
5 - Actifs immobiliers, définis à l'article L.214-36 du Code monétaire et financier								
6 - Créances								
7 - Contrats financiers et titres financiers comportant un contrat financier, lorsqu'ils sont simples								
8 - Contrats financiers et titres financiers comportant un contrat financier, lorsqu'ils sont complexes								
9 - Autres (à préciser) :								
<b>C - Restrictions éventuelles</b>								
<b>à certaines opérations à terme et dérivés intégrés associés</b>								
1 - Aux seules opérations de couverture								
<b>à une certaine clientèle</b>								
2 - Clientèle exclusivement professionnelle ou assimilée								
<b>autres restrictions</b>								
3 - Autre restriction particulière (à préciser)								
<b>D - Autres activités ou services</b>								
1 - Réception transmission d'ordres (interdiction d'exercer ce service si uniquement "A1" ou "A1 + A3" cochées)								
2 - Commercialisation d'OPCVM/FIA gérés par un autre gestionnaire								
3 - Conseil en investissement								
4 - Mandats d'arbitrage dans le cadre de contrats d'assurance vie en unités de compte								
5 - Autres (à préciser) <b>Courtage en assurance vie</b>								
Conseil aux entreprises au sens du 3 de l'article L.321-2 du Code monétaire et financier								
Recherche en investissement et analyse financière au sens du 4 de l'article L.321-2 du Code monétaire et financier								

MONOCLE AM	<b>Best Selection / Execution Policy research</b>	Reference: IV-4 Version: 1.0
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## **Appendix 2: List of authorized financial intermediaries**

- Credit Suisse Luxembourg Fund Services SA
- TP ICAP (Europe) S.A.

## **Appendix 3: Due Diligence of Financial Intermediaries**

- Proof of approval
- Agreement (dated and signed)
- Categorization letter
- Best execution & best selection policy
- Conflict of Interest Policy