Best execution policy

Rothschild & Co Wealth Management (Europe) S.A. / L-007

Internal Use

Contacts and document history

Requests should be addressed to the policy owner Benoit Renson.

Document history:

Version	*Changes Made*	*Author/Reviewer*	*Date*
1.0	Various revisions	Benoit Renson	21-11-22
2.0	Revised policy		
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5.0	Revised policy		
6.0	Revised policy		
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1. Objective

The purpose of this policy is to describe the regulatory and internal obligations that apply to R&CO Wealth Management (Europe) S.A. ("R&CO WME ") with regard to *Best Execution.*
The policy shall meet the requirements of regulatory obligations in an appropriate and proportionate manner.

2. Background

In conducting its business and operations, R&CO WME must comply with applicable *MiFID II Best Execution* regulations to ensure that its retail and professional clients receive the best execution of orders involving financial instruments when:

- R&CO WME transmits orders resulting from internal management decisions on behalf of clients entrusted to it with a discretionary management mandate for execution to brokers;
- R&CO WME transmits for execution to custodians, orders resulting from its clients' own decisions to trade financial instruments through it;
- R&CO WME transmits a grouped order directly to custodians through the standard operational processes of individual orders.

The obligations in force are based on the following directives, laws and regulations (non-exhaustive list):

- Directive 2014/65/EU issued by the European Parliament and the Council of Europe,
- Commission Delegated Directive (EU) 2017/953,
- Law of 30 May 2018 transposing MiFID II into Luxembourg law.

3. Adaptation and validation of the procedure

Any change in current regulations or internal processes will result in the adaptation of this policy to incorporate the (se) change(s).
This policy and its subsequent adaptations are subject to validation by R&CO WME authorized management.

4. Best Execution - Definition

Best execution implies ensuring that we have taken all reasonable steps to obtain the most favourable terms possible for our retail and professional clients ("clients") when executing their orders, taking into account the following factors:

- Price: the price corresponds to the final price of the financial instrument excluding our own execution costs. Price is usually the most important factor when evaluating how to get the best possible result when executing client orders.
- Costs: Costs relate to commissions, costs and fees that are charged for the execution of the client's order.
- Speed: Speed is the speed at which we are able to execute an order.
- Probability of execution: this is the probability that we will be able to execute the client's order, or at least a significant part of the order. This factor becomes more important when access to the liquidity of the instrument concerned is limited in one way or another.

- Likelihood of settlement: We expect the transactions we execute for our clients to be settled in a timely manner. Generally, in equity markets, the probability of settlement is not an important factor. However, in some situations, the likelihood of settlement may be a more important factor than price.
- Size of the client's order: this is the size of the order in relation to the average trading volume of a specific financial instrument. The size of the client's order can be an important factor if the order exceeds the daily trading volume of a specific financial instrument, for example in the case of group order trading. Large volume transactions can have a negative impact on the price of financial instruments when executed directly and in a single block at a given execution venue. If a client submits an order of this type, we will not necessarily consider price and speed to be the most important factors. When submitting a large order, it may be in the client's interest to build or unwind a substantial position in a specific financial instrument. In such circumstances, we may consider the probabilities of execution and settlement as the main drivers of execution.
- Nature of the client's order: in some cases, the nature of the order leads to conditions or restrictions regarding its execution. For example, if the client submits a limit order, we may face restrictions when executing it. Some execution venues, for example, do not accept limit orders. In such a case, we will consider other execution factors in order to obtain the best result for the client at the execution venues that accept your limit order.
- There may also be other relevant factors.

5. Activities of R&CO WME

R&CO WME's main activity is to manage the discretionary management mandates of its clients through direct lines, third-party investment funds and/or investment funds managed by R&CO Group.

6. Roles and responsibilities

Underlying assets of discretionary portfolio mandates managed by R&Co WME are custodied with depositary banks chosen by clients. A tripartite agreement is entered into by R&Co WME, the custodian bank, and the client. Depositary banks undertake to ensure best execution on behalf of R&CO WME and its clients.

Depositary banks are subject to an annual review by R&Co WME covering best execution.

7. Monitoring and evaluation

In order to ensure that *Best Execution* requirements are continuously met in the best interest of its clients, R&CO WME has implemented procedures for order and daily order reconciliation procedures that are executed by the R&CO WME middle office and randomly controlled by the compliance function.

As orders are in most cases sent from Bankvista by Fix, the orders are simultaneously transmitted to the banks, which process them automatically. Periodic checks are nevertheless carried out to ensure that there are no execution problems.
The Bankvista tool integrates an order reconciliation function on D+1 which allows the company to see the orders awaiting execution or rejected. These orders then require intervention (re-passing the order, checking the security code, contacting the custodian, etc.).

Other functionalities in the tool do not allow orders to be placed if there is not enough liquidity, if the sold securities position is not sufficient, etc.

In addition, R&CO WME annually reviews the *Execution Quality Reports* of custodian banks meeting the obligations defined in Article 27.6 of Directive 2014/65/EU and Delegated Regulation (EU) 2017/576 (RTS 28).

8. Incentives

When executing Client orders, R&CO WME does not receive any compensation, discount or non-monetary benefit for routing orders to custodian banks in violation of conflict-of-interest requirements.