



Investment
Managers

AXA REIM SGP Order selection and execution policy

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1. INTRODUCTION

The purpose of this document is to inform our clients or potential investors of the order selection and execution policy implemented by AXA REIM SGP. It was prepared with regards to the following regulatory provisions:

- EU Mifid Directive 2014/65/EU along with the ESMA Questions & Answers on MiFID II and MiFIR investor protection
- The position – recommendation AMF n° 2014-07 regarding best execution

This procedure is intended to provide guidance:

- The authorization process for intermediaries/counterparties with whom AXA REIM SGP wishes to deal. These intermediaries and counterparties are required by law to offer AXA REIM SGP the best possible execution.
- The way in which relationships with these intermediaries/counterparties are monitored and controlled.

AXA REIM SGP does not execute its orders directly but uses the services of companies in the AXA IM group, to which AXA REIM SGP belongs. These entities are separate entities from AXA REIM SGP and have their own selection and execution policies.

AXA REIM SGP therefore has an obligation to make a better selection of its financial intermediaries. AXA REIM SGP also ensures that the best execution obligation is respected by companies offering order execution services on financial instruments.

AXA REIM SGP requested its intermediaries to be categorized as a professional client and to be provided with the best execution.

2. PERIMETER

This policy applies to any professional client of AXA REIM SGP within the meaning of the Markets in Financial Instruments Directive MIF 2 (Directive 2014/65/EU) for which AXA REIM SGP offers a portfolio management service.

The financial instruments covered by this order selection and execution policy are defined as those defined by Article L 211-1 of the Monetary and Financial Code

3. ORGANIZATION

3.1. GENERAL CASE

AXA REIM SGP mainly uses the services of reception and transmission of orders (RTO) of AXA IM IF, AXA IM GS and AXA IM Asiain order to take all the sufficient steps to achieve best execution.

- AXA IM IF is an investment service provider domiciled in France approved by the French Prudential and Resolution Control Authority (“ACPR”) and the French Financial Markets Authority (AMF). It is authorized to provide the services of reception and transmission of orders and execution of orders for third parties.



- AXA IM GS is an investment services provider, domiciled in the United Kingdom, registered as a Financial Services Firm by the British regulatory authority, the Financial Conduct Authority (FCA).
- AXA IM Asia is an investment services provider, domiciled in Hong-Kong, licensed for dealing in securities by the Hong-Kong regulatory authority, the Securities and Futures Commission (SFC).

These entities are part of the AXA IM Group, separate from AXA REIM SGP and have their own selection and execution policies.

3.2. SPECIFIC CASES

Occasionally, AXA REIM SGP can transmit orders directly to authorized intermediaries for specific transactions.

3.3. DELEGATIONS

In the event that AXA REIM SGP delegates management to another regulated investment manager, the policy for selecting and executing the delegate's orders will apply.

4. EXECUTION DEVICE

4.1. PLACE OF EXECUTION

AXA REIM SGP is not a market member and therefore does not execute itself orders on any financial market. It sends its orders to authorized Investment Services Providers for execution without prior knowledge of the final place of execution that will be selected.

AXA REIM SGP has expressly authorized its providers on different execution venues whatever the kind of security executed, which include:

- Regulated markets
- Multilateral trading facilities
- Organised trading facilities
- Systematic internalisers
- Market makers
- Other liquidity providers
- Entities that perform similar tasks in a country that is not part of the European Economic Area.

Depending on the place of execution chosen by the service provider on behalf of AXA REIM SGP, clients may be exposed to certain specific risks, such as counterparty risk in the event of an OTC transactions.

AXA REIM SGP and its service providers have the objective to obtain the best possible result for its clients, taking into account these potential risks.

4.2. SPECIFIC INSTRUCTIONS FROM CUSTOMERS

Clients who communicate specific instructions requiring the use of a designated counterparty in the management of a dedicated portfolio are informed that AXA REIM SGP will comply with them, even if such instructions do not comply with the provisions of this policy. Under these conditions, AXA REIM SGP and its service providers cannot be required to apply the principle of best execution to the instructions given.

Clients who provide specific instructions, as specified above, are informed that the principles of best selection and best execution will be applied to any part or aspect of the order not covered by the client's specific instructions.

4.3. FACTORS RELATED TO ORDER EXECUTION

The principles and criteria considered to obtain the best possible execution are as follow:

- Price,
- Cost,
- Speed,
- Likelihood of execution and settlement,
- Size,
- Any other consideration relevant to the execution of the order

The relative importance of each factor is determined by taking into consideration the following criteria:

- The characteristics of the customer
- The characteristics of the order concerned
- The characteristics of the financial instruments that are the subject of this order and
- The characteristics of the execution venues to which this order may be routed

The list of financial instruments that are executed by AXA IM IF / AXA IM GS / AXA IM ASIA, as well as the criteria and strategies deployed by these three entities in order to obtain best execution are detailed in their own selection and execution policies.

4.4. AGGREGATED ORDERS

Unless otherwise instructed by the client, orders relating to several portfolios may be grouped together in order to obtain the best possible result, particularly in terms of cost. These orders may only be aggregated if it is unlikely that the grouping of orders and transactions will operate globally to the detriment of one of the clients whose orders would be grouped.

Clients are informed that this grouping of orders may sometimes result in partial execution of their order(s), unlike the execution of a particular order.

A fair allocation of partially executed orders is made. This allocation takes into account the interest and specific situation of each managed portfolio, in order to ensure speed of execution and fair treatment of all clients.

4.5. CROSS TRANSACTIONS BETWEEN PORTFOLIOS

AXA REIM SGP may carry out cross trades between portfolios in order to obtain the best possible result for all the portfolios concerned, particularly in terms of cost (i.e. lower intermediation costs or a price in the middle of the quotation range).

While almost all of these transactions are executed on the market via a broker, intermediary or counterparty, some are, in special circumstances and on an exceptional basis, carried out directly between portfolios.

In all cases, cross trades between portfolios are subject to the approval of AXA REIM SGP's Compliance Department, in accordance with internal procedures to manage potential conflicts of interest.



4.6. USE OF EFFICIENT PORTFOLIO MANAGEMENT TECHNIQUES

In case of use of efficient portfolio management techniques, AXA REIM SGP ensures the costs correspond only to the market price and not to other considerations, maintains appropriate analyses mechanisms, controls and segregation of agents (Securities Lending team) from both Portfolio Managers and Buy/Sell Trade Execution teams.

5. SELECTION OF BROKERS AND COUNTERPARTIES

In order to seek the best possible execution, AXA IM, the group to which AXA REIM SGP belongs, has set up a procedure for selecting and monitoring counterparties. This procedure defines, by type of instrument, the entities to which orders may be transmitted for execution or with which trades may be executed. The latter are required by law to offer the best possible execution.

The selection process is twofold: authorization (a) and monitoring (b).

a) AXA IM (AXA REIM SGP, AXA IM Asia, AXA IM IF and AXA IM GS) has defined an authorization process based on:

- A phase of "due diligence" to ensure the broker or counterparty meets AXA IM's requirements (supervisory status, professionalism, reputation, good conduct, etc.)
- An approval process where the following departments are solicited: Risks, Operations, Compliance and Legal. Each team casts its vote and has a right of veto which triggers the rejection of the broker or counterparty.

Generally, when executing a client order:

- if one execution venue or counterparty is able to provide the most attractive price and is also able to process the entire volume of the client order, as well as address other aspects that AXA IM considers critical to the client order, then the client order will be executed in full through that execution venue or with that counterparty;
- if more than one execution venue or counterparty has the same best price, then other execution factors will be used to determine how much of a client order will be placed with each execution venue or counterparty; and
- typically, where an execution venue or counterparty providing the best price is unable to execute a client order in full, that execution venue or counterparty will be used for the volume that it is able to complete, with the remainder of the client order being filled by the execution venue or counterparty with the next best available price.

b) With regards to the monitoring of brokers, intermediaries and counterparties, AXA IM has established monitoring procedures to assess regularly their performance, the respect of their contractual commitments (qualitative review) and that conditions of their initial authorization remain (revision of "due diligence").

The re-assessment frequency can be adjusted according to the "risk scoring" of the entity, with at least an annual review of those rated "high risk" and a triennial review of those with a "standard risk".

Besides counterparties' selection process, AXA-IM set up an evaluation procedures of brokers and counterparties in order to ensure a regular review of the execution conditions provided by them.



6. POLICY REVIEW AND MONITORING

6.1. CONTROLS

AXA REIM SGP's Compliance teams carry out controls on the execution of orders traded on behalf of its clients in order to verify the adequacy of the service provided to the order selection and execution policy. Evidence of the proper application of the selection and execution policy shall be kept in accordance with regulatory requirements.

6.2. REVIEW

AXA REIM SGP takes measures to ensure the effectiveness of the order selection and execution policy in order to make any necessary adjustments.

7. COMMUNICATION AND REVISION OF POLICY

The execution and selection policy may be reviewed at any time at the initiative of AXA REIM SGP in order to make any changes deemed necessary in order to maintain the best possible result for its clients.

Any significant change in policy is notified to customers as soon as possible by publishing the amended policy on the website: <https://alts.axa-im.com/axa-reim-sgp>.

8. RESPONSIBILITIES

AXA REIM SGP constantly takes reasonable measures to seek the best possible execution of orders placed on behalf of its clients. However, this provision cannot constitute an obligation of result. The service provided by AXA REIM SGP will be assessed as part of its obligation of means.

AXA REIM SGP cannot be held liable for non-compliance or partial compliance with this policy resulting from circumstances of "force majeure" preventing it from fulfilling its obligations. In the event of a computer system failure, AXA REIM SGP has backup resources that will be implemented in accordance with its internal procedures.

Finally, AXA REIM SGP cannot be held liable for the adverse consequences of the execution of an order resulting from the execution of specific client instructions.

9. RECORD KEEPING

AXA IM keeps all pertinent information regarding transactions on financial instruments, together with a comprehensive audit trail of executed orders. These details and records may include trade blotters, the client name, the type of transaction, the date and time, counterparty selection rationale (as appropriate) and any eventual specific client instruction.