

## ORDER HANDLING POLICY

Reference:	Order Handling Policy
Version number:	2.2
Status:	Final
Risk owner:	Chief Investment Officer

ACTIAM N.V.  
Utrecht, December 2018



<b>Title</b>	<i>Order Handling Policy</i>
<b>Version</b>	2.2
<b>Effective Date</b>	<i>17 December 2018</i>
<b>Owner</b>	<i>ACTIAM Chief Investment Officer</i>
<b>Manager</b>	<i>Head of ACTIAM Treasury &amp; Execution</i>
<b>Consultation</b>	<i>ACTIAM Investment Departments, ACTIAM Compliance (2<sup>nd</sup> line), ACTIAM Legal &amp; Compliance, ACTIAM Risk Management</i>
<b>Approver</b>	<i>RMC - ORC MT AM</i>

#### Version

Version	Date	Changes
2.0	04-04-2018	Update Order Handling Policy
2.1	05-04-2018	Minor changes to the layout
2.2	11-12-2018	Major policy overhaul. MiFIDII Best Execution compliant

#### Approval

Version	Date	Adopted by
2.0	04-04-2018	RMC - ORC MT AM
2.2	17-12-2018	RMC - ORC MT AM

## Table of Contents

<b>1</b>	<b>Executive Summary</b> .....	<b>5</b>
1.1	Rationale .....	5
1.2	Scope .....	5
1.3	Policy Application .....	6
1.4	Related Policies.....	6
<b>2</b>	<b>Execution factors and criteria</b> .....	<b>6</b>
2.1	Execution factors .....	6
2.2	Execution Criteria .....	6
<b>3</b>	<b>Execution venues</b> .....	<b>7</b>
<b>4</b>	<b>Execution per financial instrument</b> .....	<b>7</b>
4.1	Equities and Equity-like instruments .....	7
4.2	Fixed Income instruments .....	8
4.3	Derivatives, including ETD- or OTC-derivatives .....	8
4.4	Investment Funds .....	9
4.5	Other Instruments .....	9
<b>5</b>	<b>Order Aggregation and Allocation</b> .....	<b>9</b>
<b>6</b>	<b>Specific Instructions &amp; Force Majeure</b> .....	<b>9</b>
6.1	Specific Instructions .....	9
6.2	Force Majeure .....	10
<b>7</b>	<b>Policy Assurance Methods</b> .....	<b>10</b>
7.1	Policy Adherence Monitoring.....	10
7.2	Policy Effectiveness Monitoring .....	10
7.3	Publications.....	10
<b>8</b>	<b>Governance</b> .....	<b>10</b>
8.1	Treasury & Execution desk.....	10
8.2	Compliance.....	10
8.3	Effective Date & Amendments.....	11

## 1 Executive Summary

This Policy explains the framework that ACTIAM has put in place executing orders in line with the requirements for best execution under the Markets in Financial Instruments Directive (“**MiFID2**”) as implemented in the Decree on conduct of business supervision (*Besluit Gedragstoezicht financiële ondernemingen* and the “**Decree**”) and other applicable (supra)national (delegated) directives/regulations.

ACTIAM is an Alternative Investment Fund Manager (“**AIFM**”) licensed by the AFM. Based on its license it is also allowed to provide certain ‘MiFID services’, being: portfolio management, investment advice and reception and transmission of orders. In principle the MiFID2 product governance regime only applies to ACTIAM when it provides these ‘MiFID services’. Best Execution obligations under MiFID2 do not apply to ACTIAM. However, has voluntarily ACTIAM implemented the best execution requirements of MiFID2.

### 1.1 Rationale

ACTIAM has the duty to make sure that it consistently takes all sufficient steps to obtain the best possible results for ACTIAM and its clients when executing orders (“**Best Execution**”). This Policy sets forth the methods that ACTIAM applies to achieve Best Execution.

### 1.2 Scope

**Activity scope:** this Policy applies when ACTIAM as part of its fund management or discretionary investment management activities carries out order execution or order transmission services pertaining to financial instruments on behalf its clients.

**Client scope:** this Policy applies to clients classified as Professional Investor as defined by the relevant regulations.

**Entity scope:** this Policy applies to ACTIAM N.V. (“**ACTIAM**”).

**Execution Venue scope:** any execution venue for orders including brokers that ACTIAM is allowed to use under this Policy and the respective client mandate.

**Financial Instruments in scope:** types of financial instruments covered under this Policy are all financial instruments traded by ACTIAM, including but not limited to:

- Equity and Equity like instruments
- Fixed Income instruments, including bonds, repo and money market instruments
- Derivatives, including Exchange Traded Derivatives (ETD) or over the counter (OTC)/off-exchange derivatives
- Investment Funds

The scope is limited to transactions in those financial instruments that ACTIAM and its clients have agreed on in the context the respective mandates.



**Service Scope:** this Policy sets forth how ACTIAM ensures that it consistently takes all steps to obtain the best possible results (Best Execution obligation) for its clients when executing orders in all types of financial instruments. When ACTIAM does not execute the order itself but transmits the order to a broker, both ACTIAM and the broker are responsible for Best Execution. ACTIAM will oversee if the broker meets the quality of execution expected.

### 1.3 Policy Application

This Policy applies to ACTIAM when it executes trades or transmits orders in financial instruments on behalf of its clients.

### 1.4 Related Policies

A non-exhaustive list of policies that relate to and should be read in conjunction with this Policy are set out below. If in doubt, please contact ACTIAM Compliance.

- Broker Selection & Review Policy
- Conflicts of Interest Policy
- Inducements Policy
- Record Keeping (regarding distributors, target markets etc. and rationale)

## 2 Execution factors and criteria

### 2.1 Execution factors

ACTIAM will take into account the following execution factors (in no particular order):

- Price or spread of the order
- Transaction cost, including explicit costs such as fees, commissions and tax, and implicit costs such as market impact
- Speed of execution of the order
- Likelihood of execution, completion and settlement of the order
- Size and nature of the order
- Timing of the order
- And any other consideration relevant to the execution of the order

### 2.2 Execution Criteria

Price and associated costs are ordinarily prioritized, however the relative importance of the other execution factors will vary based on several execution criteria.

The execution criteria that ACTIAM takes into consideration are:

- The characteristics of the order
- The characteristics of the client

- The characteristics of the financial instrument
- The characteristics of the execution venues

In some cases ACTIAM may decide that price or spread and associated cost are not prioritized, but other factors such as likelihood of execution, liquidity (market impact) or anonymity can be more important to be able to meet our Best Execution obligation.

### 3 Execution venues

ACTIAM may choose to execute orders through Regulated Markets, Multilateral Trading Facilities (MTF) and Organized Trading Facilities (OTF), a Systematic Internaliser (SI), or a market maker or other liquidity provider or an entity that performs a similar function in a third country to the functions performed by any of the foregoing (hereinafter Execution Venues) or through over the counter transactions.

ACTIAM can decide to execute its orders outside a Regulated Market, MTF or OTF. This can generate an enhanced counterparty risk. ACTIAM may execute orders with Execution Venues outside the European Economic Area (EEA).

ACTIAM assesses Execution Venues regularly by means of Bloomberg TCA (BTCA) on quantitative measures and at least twice a year, in June and in December, on both quantitative and qualitative measures. ACTIAM's policy is to maintain a selection of Execution Venues that meet the Best Execution requirement on a consistent basis when transmitting and executing orders. A detailed description of the selection and evaluation process is described in the Broker Selection & Review Policy.

In general orders are transmitted to Execution Venues that are included on the Approved Execution Venues and Broker list. A copy of the list may be requested in writing from ACTIAM Compliance.

### 4 Execution per financial instrument

ACTIAM has grouped all classes of financial instruments in five groups as listed in Annex I of the Delegated Regulation 2017/576 dated 8 June 2016. Each groups contains a description of the instruments covered using the Delegated Directive's definitions.

#### 4.1 Equities and Equity-like instruments

Covered instruments:

- (a) Shares & Depositary Receipts

ACTIAM uses brokers to transmit and execute its orders in equity and equity like instruments.

- Low touch orders (liquid instruments) are usually bundled in Program Trades and transmitted to a broker's Program Trading desk or executed through broker algorithms by the ACTIAM Treasury & Execution desk. The broker generally acts as an agent.
- High touch orders (illiquid instruments or high ADV orders) are usually routed to a brokers High Touch Trading desk. The broker can act as agent and/or principal or managed by the ACTIAM Treasury & Execution desk and executed through brokers algorithms or Direct Market Access (DMA). Other sources of liquidity include Buy-Side Crossing Networks.

For every trade, regardless of size and liquidity, the ACTIAM trader can make an assessment of the market conditions and determine which execution factors and criteria are leading.

## 4.2 Fixed Income instruments

Covered instruments:

- (b) Debt instruments

ACTIAM has access to multiple execution possibilities when executing Fixed Income Instruments orders. Trades are either executed on venue and/or on an OTC basis. The leading execution factors and criteria that weigh the heaviest are price and liquidity. Ordinarily Fixed Income orders are executed in competition. This means that a quote is requested (RFQ) from 3 to 5 competing brokers at the same time. If other execution factors and criteria are deemed more important ACTIAM may decide to deviate from this approach and only select fewer or just one broker.

- Trades with a limited size in a liquid instrument; ACTIAM trades on a MTF where several brokers are put into competition.
- Trades with a large size in liquid instruments; ACTIAM trades on a MTF where few brokers are put into competition. ACTIAM may also decide to trade on a non-competition basis with only just 1 broker.
- Trades regardless of size in illiquid instruments will be traded either 'in comp' or 'non-comp' depending on how the trader expects to get the best result for the client.

For every trade whether in competition or not the trader can make an assessment of the market conditions and determine which execution factors and criteria are leading.

## 4.3 Derivatives, including ETD- or OTC-derivatives

Covered instruments:

- (c) Interest rates derivatives
- (d) Credit derivatives
- (e) Currency Derivatives
- (f) Structured finance instruments
- (g) Equity derivatives
- (h) Securitized Derivatives
- (i) Commodities derivatives and emission allowances Derivatives

ACTIAM executes orders in Exchange Traded derivatives on regulated markets through its agency brokers and in general these orders are not put into competition. Price and execution cost are considered the most important execution factors.

ACTIAM executes orders in (cleared) Over The Counter derivatives with the same execution factors in mind as listed derivatives and, when it deems so appropriate, will also consider the legal documentation amongst others. ACTIAM can only execute OTC derivatives if the required documents

are in place. Several brokers can be put into competition depending on the execution factors and criteria.

Across different derivative instruments liquidity and/or number of venues can display variations. For every trade, whether in competition or not, the trader can make an assessment of the market conditions and determine which execution factors and criteria are leading.

Consideration into the selection of counterparties that are put into competition will also depend on the utilization of the credit lines and underlying collateral optimization.

## 4.4 Investment Funds

Covered instruments:

- (k) Exchange traded products

ACTIAM executes subscription, redemption and conversion transactions with regard to participations in UCITS and UCIs through the relevant transfer agent. These transactions are based on net asset value (NAV), taking into account potential swing-pricing or premiums/ discounts, as described in the relevant fund documentation.

## 4.5 Other Instruments

Covered instruments:

- (j) Contracts for difference
- (l) Emission allowances
- (m) Other instruments

ACTIAM currently does not trade in these instruments.

## 5 Order Aggregation and Allocation

ACTIAM will execute orders in the same security on an aggregated basis meaning all clients are treated fair and in an equal manner. In the case of a partial execution, the execution will be allocated on a pro-rata basis from the moment when aggregated.

## 6 Specific Instructions & Force Majeure

### 6.1 Specific Instructions

If ACTIAM receives a specific instruction from a client on how an order should be executed ACTIAM will execute accordingly where reasonably possible. Client specific instructions may prevent ACTIAM from taking the steps set out in this policy to achieve the best possible result. For the avoidance of doubt, as AIFM, ACTIAM does not provide execution only services for its clients.



## 6.2 Force Majeure

In the case of exceptional market circumstances in relation to the markets in general or a specific financial instrument, ACTIAM may deviate from this Policy in order to achieve the best possible result for the client.

# 7 Policy Assurance Methods

## 7.1 Policy Adherence Monitoring

ACTIAM Compliance performs periodical reviews of the level of compliance with applicable trading policies, including this Policy.

## 7.2 Policy Effectiveness Monitoring

ACTIAM has implemented a process to monitor execution quality. In this process ACTIAM Treasury & Execution monitors on a regular basis execution of all orders.

ACTIAM Compliance performs periodical reviews of the effectiveness of this Policy.

## 7.3 Publications

Annually ACTIAM Compliance will publish (jointly with its publication under the Broker Selection & Review Policy) the results of a review of ACTIAM's Best Execution performance during the preceding calendar year on its website.

ACTIAM's clients will be informed of any material change to this Policy.

# 8 Governance

The governance section defines the roles and responsibilities of individuals, groups, or committees in implementing, maintaining, reporting, and assuring compliance with the requirements of the policy. Each individual, group, or committee is documented with their specific associated roles and responsibilities listed.

## 8.1 Treasury & Execution desk

ACTIAM Treasury & Execution is responsible for the correct application of this Policy and for conducting an semi-annual review on the Policy and its validity.

ACTIAM Treasury & Execution is responsible for keeping this Policy up to date and for aligning with the stakeholders mentioned under "Consultation". At least annually, but more often if circumstances so require or at ACTIAM Compliance request, ACTIAM Treasury & Execution performs a review of this Policy.

## 8.2 Compliance

Adherence to the Policy will be tested by ACTIAM Compliance on a regular basis also taking into account the effectiveness of the venues where orders are executed at or transmitted to.



ACTIAM Compliance participates in all reviews of this Policy and can initiate a review if it deems so necessary.

### 8.3 Effective Date & Amendments

This Policy enters into effect as per December 17<sup>th</sup> 2018 and remains in effect until replaced by an amended version approved by RMC - ORC MT AM.

After approval of an amended version of this Policy ACTIAM Treasury & Execution will inform Business Development and Sales and Marketing to inform clients and update the website.