



Best Execution Policy

BEST EXECUTION POLICY

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1. INTRODUCTION

This Policy aims to establish the framework of action of the Entity to comply with the requirements established in the framework of the best execution in the Andorran Legislation, which includes the principles of the MiFID Directive in Law 8/2013, of May 9, on the organizational requirements and operating conditions of the operating entities of the financial system, investor protection, market abuse and financial guarantee agreements and their modification incorporated in Law 17/2019 of May 15, as well as the regulations implementing Law 8/2013, of May 9, on organizational requirements and operating conditions of the operating entities of the financial system, investor protection, market abuse and financial collateral arrangements.

2. SCOPE

This Best Execution Policy applies to Andbank Andorra.

3. BEST EXECUTION POLICY

To comply with the objectives of investor protection, this Policy has been developed that aims to define the procedures of the Entity to carry out the execution of orders, which allow it to obtain the best possible result for the operations of its clients; as well as defining the procedures and systems for the management and assignment of orders that allow their rapid and correct execution and subsequent assignment.

Specifically, this Policy:

- Defines the criteria of the Entity to select the intermediaries that will execute the orders and specifies the measures and procedures that must be followed for their adequate selection, within the provision of the service of reception and transmission of client orders in relation to one or more financial instruments.
- It defines the general principles of the Entity to manage the orders received from clients and the decision-making process and execution of the orders, within the provision of discretionary and individualized management services of investment portfolios and the service of execution of orders on behalf of clients.

This document does not apply to clients that the Entity has classified as Eligible Counterparties.

3.1 BEST EXECUTION OPERATIONAL CRITERIA

The Entity will always consider, to obtain the best possible result for clients in the order management process, the following:

- Execution venues selection factors:
 - The price.
 - The costs.

- Customer Classification:
 - Retail.
 - Professional.
- Characteristics of the financial instrument subject to the order.
- For those financial instruments that have a single route or channel of execution (participations in Collective Investment Institutions) Andbank will route to the channel in question the contracting of the assets, understanding that its obligations of best execution with respect to the aforementioned financial instruments have been fulfilled.
- The principles of best order execution described in this Policy shall only partially apply in cases where the client and Andbank have agreed to the sale of a particular financial instrument at a price fixed in advance or have agreed on the basis for the calculation of that price, so that it is determinable, in which case the obligations of both parties will be governed by the terms agreed in their agreement. (Fixed Income and Structured Products with subjacent of Fixed Income, Equities and Currencies).

3.1.1 SELECTION OF EXECUTION CENTRES

The Entity will select the best order execution centers or intermediaries that guarantee a best execution for clients, thus complying with the duty to act in defense of the best interest for them, in accordance with the type of asset to be traded as shown below:

Stocks, ETF and derivatives listed:

- Trading in listed stocks and derivatives is executed through organized markets.

Andbank is not a member of the market and, through its intermediaries, makes execution centers available to its clients in the main international markets.

Fixed income:

- Fixed income trading is executed through organized markets (MTF) and unorganized markets (OTC). This operation is carried out "at a closed price", that is, the final price will be formed by the quoted price plus a spread. All costs of the operation are included in the final price.
- Where the Entity trades on behalf of clients outside of organised markets or multilateral trading systems, it shall inform clients and obtain their prior consent. Consent may be obtained in general or for each particular operation. For these purposes, the signature of the contracting slip of the operation in which the express manifestation of the acceptance of the Policy by the client appears are considered as adequate procedures to obtain this authorization.

Investment funds

- **Funds and SICAVS of Andorra Gestió Agricol Reig, SAU, SGOIC:** As it is a financial instrument with a single execution channel, Andbank will transmit the orders to the fund manager, who will execute them at the net asset value calculated according to the regulations of the IICs.

- **Rest of IICs:** It is also a financial instrument with a single execution channel. In this case Andbank has signed sub-distribution contracts with Allfunds Bank / Fundsttle and Inversis, so the orders will be sent to one of these platforms so that the latter entity, in turn, transmits them to the Management Company of the fund in question, who will execute them at the net asset value of the participation calculated according to the regulations of the IICs.

Structured Products

- This operation is carried out "at a closed price", that is, the final price will be formed by the quoted price plus a spread. All costs of the operation are included in the final price.

The selected intermediaries through which orders are channelled to execution venues shall, in turn, apply a best execution policy in accordance with applicable regulations and consistent with this Policy.

For exceptional reasons, the use of execution venues or intermediaries not expressly included in this Policy will be justified in the following cases:

- Specific customer orders.
- Trading with a type of financial instrument not expressly contemplated in this Policy.
- Changes in the reality of the market.
- Other factors to consider.

Annex I report the execution venues and intermediaries used.

3.1.2 CONSIDERATION OF CUSTOMER-SPECIFIC INSTRUCTIONS

In cases where a customer transmits a specific instruction about where or how it wants to execute an order, the Entity will execute the order following that specific instruction, as far as possible, provided that it has means and channels that allow the transmission of the order. In the rest of the parameters on the operation on which there were no instructions, the precepts that may be applicable of this Policy will continue to be approved.

In these cases, the client who has given a specific instruction will be warned that it could affect compliance with the standards and execution factors defined in this Policy. In any case, the Entity will try to obtain the best possible result by complying with these instructions.

3.2 OPERATIONAL CRITERIA FOR ORDER MANAGEMENT

3.2.1 ORDER PROCESSING

The Entity shall ensure that the following requirements are met when processing the orders of its clients:

- The reception and transmission of orders will be carried out quickly and accurately.
- Orders from similar clients will be handled sequentially and quickly, except where order characteristics or market conditions do not allow it or in cases where the client's interest advises a better course of action.

- They shall immediately inform the retail client of any relevant difficulties arising for the proper execution of the order.
- In cases where the Entity is responsible for the supervision or execution of the settlement of the order, it will take the necessary measures to ensure that the correct allocation of funds to the client's account.
- The Entity will in no case make improper use of the information it has on the pending orders of its clients.

The Entity may only accumulate orders from different clients when the following conditions are met:

- That it is unlikely to harm any of the clients whose orders are accumulated.
- That each of the clients be informed that due to the accumulation the result of a specific order could be harmed.
- That orders are attributed equitably, specifying how the relationship between volume and price of orders determines the attributions and, where appropriate, the treatment of partial operations.
- That the criteria contained in this Policy are applied when partially executing an accumulated order.
- That, in the event that orders from one or more clients with transactions on their own account are accumulated, such transactions will not be attributed in a way that is detrimental to a client, and if they are partially executed, the client's operation will take precedence over the transaction on own account.

3.2.2 ORDER MANAGEMENT PROCESS

The decision-making and order management process (within the scope of providing the portfolio management service) will be carried out by observing the following steps:

- The activity of making investment decisions will be carried out following different macroeconomic and mathematical models. Once the composition of the portfolio has been defined, it will be built by issuing purchase or sale orders.
- Prior to sending the order, it will be verified that the decision taken does not violate the limits established for each portfolio.
- The records of orders, operations and confirmations must be kept on a media that allows the storage of information in an accessible way and maintained for a period in accordance with the provisions of the Entity's Record Keeping Standard.
- When sending the firm order to the financial intermediaries, a prior assignment will be made and, in the case of a grouped operation, it will communicate to the intermediary the breakdown of the same by portfolios. Investment decisions in favour of clients will always be taken prior to the transmission of the order to the intermediary for execution before the outcome of the transaction is known. Specifically, a pre-assignment of the operations to the different portfolios will be made.

- If once a transaction has been executed, the execution prices are different, to avoid a possible conflict of interest between the different clients derived from this situation, the Entity has objective criteria for the apportionment or distribution of operations between clients that guarantee fairness and non-discrimination between them. In cases where apportionment is not possible, orders will be executed on a strict first-come, first-served basis (FIFO). When it is not possible to follow these procedures, a rotation process will be applied in alphabetical or numerical order.
- Orders will be executed quickly and accurately so that no client is harmed when trading for several of them. The general criteria is neutrality in the treatment of different customers. The Entity undertakes to apply, in any case, objective criteria, which guarantee the best result for customers.
- The assets will be deposited in the name of each of the clients in accordance with the provisions of the standard contract for the custody and administration of financial instruments.

3.3 STRUCTURED AND FIXED INCOME MARGINS

Structured Products:

The entity limits the annual margin in the distribution of structured products to a maximum of 2% per year of the product's life.

Fixed Income:

The margin must be proportional to the benefit/risk ratio of the product.

The Mark-up levels on the execution price will be set according to the Rating, maturity, liquidity of the asset and/or volume of the order.

3.4 COMMUNICATION OF THE POLICY TO CUSTOMERS

The Entity will make available to customers, at least through the web, the most relevant aspects of this Policy.

4. MONITORING AND CONTROL

This policy will be reviewed at least annually.

ANNEX I: EXECUTION VENUES AND FACTORS

| FINANCIAL INSTRUMENT | FACTORS TO CONSIDER IN THE EXECUTION OF OPERATIONS (*) | EXECUTION VENUES OR PREFERRED INTERMEDIARY |
|--|---|--|
| Listed Equity (National and international) /ETF | Price and costs (100%) | Pershing (BONY), Instinet, Société Générale |
| Fixed Income | Price and costs (100%) | ANDBANK acts as counterparty. Intermediary: to be determined in each operation. |
| Structured Products | Price and costs (100%) | ANDBANK acts as counterparty. Intermediary: to be determined in each operation. |
| IICs: Andbank Funds and SICAVs | Price and costs (100%) | Group fund managers |
| IICs: Andbank's foreign investment funds and companies | Price and costs (100%) | Fund platforms (Allfunds, Fundsettle e Inversis) |
| IICs: Foreign Investment funds and companies outside the Andbank Group | Price and costs (100%) | |
| Derivatives | Price and costs (100%) | Altura / Morgan Stanley |

(*) In the case of a professional client or eligible counterparty the size and nature of the order may be considered.