

# Broker Selection Review

Cardano Asset Management N.V.



cardano

## Version

Version	Date	Changes
1.0	12-12-2018	New MiFID II Compliant Broker Selection & Review Policy (Rob v.d. Vlugt & C. Leussink); reviewed by I. Bardon
1.1	13-12-2019	Annual review
1.2	01-09-2020	Annual review
1.3	28-07-2021	ESG screening incorporated in Broker Selection and review Policy
1.4	11-10-2022	Annual review
1.5	11-07-2023	Annual review - rebranding, minor changes

## Approval

Version	Date	Adopted by
1.0	17-12-2018	RMC - ORC MT AM
1.1		RMC – ORC MT AM
1.2		RMC – ORC MT AM
1.3	Aug-2021	RMC - ORC MT AM
1.4	Oct-2022	RMC – ORC MT AM
1.5	Nov – 2023	RMC – ORC MT AM

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## 1 Introduction

This Policy explains the framework that Cardano Asset Management N.V. (“CAM”) has put in place when it selects and reviews its venues and or brokers where it places or executes orders in financial instruments. CAM is not in any way affiliated with any broker or venue, which ensures full flexibility for implementing the CAM Venue and Broker Selection & Review policy.

CAM 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. Best Execution obligations under MiFID2 do not apply to CAM. However, CAM has voluntarily implemented the best execution requirements of MiFID2.

### 1.1 Rationale

CAM has the duty to make sure that it consistently takes all sufficient steps to obtain the best possible results for CAM and its clients when executing orders (“**Best Execution**”). When CAM does not execute the order itself but transmits the order to a broker, both CAM and the broker are responsible for Best Execution. CAM will oversee if the broker meets the quality of execution expected. A detailed description of CAM’s order execution is described in the CAM Order Handling Policy.

In order to ensure Best Execution for its clients, CAM periodically reviews and monitors its Execution Venues. This Policy sets forth the framework it uses to that end and the transparency requirements it fulfills.

### 1.2 Scope

**Activity scope:** this Policy applies when CAM, as part of its fund management or discretionary investment management activities uses brokers and execution venues to carry out order execution or order transmission services pertaining to financial instruments on behalf its clients.

**Client scope:** this Policy applies to brokers and execution venues used for trades of clients classified as Professional Investor as defined by the relevant regulations.

**Broker & execution venue scope:** any broker or execution venue that CAM is allowed to use for order execution under this Policy and under where applicable under the respective client mandate.

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

**Financial Instruments in scope:** types of financial instruments covered under this Policy are all financial instruments traded by CAM which CAM divided into five categories in its Order Handling Policy:

- 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
- Other Instruments

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

**Service Scope:** this Policy sets forth how CAM monitors and controls the effectiveness and quality of the brokers and execution venues it uses.

### 1.3 Policy Application

This Policy applies to CAM when it uses brokers and execution venues to execute trades or transmit 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 the CAM Compliance officer.

- Order Handling Policy

- Conflicts of Interest Policy
- Inducements Policy
- Record Keeping (regarding distributors, target markets etc. and rationale)
- CAM Sustainable Investment Policy

## 2 List & Selection Process

### 2.1 Approved Broker and Execution Venue List

CAM Treasury & Execution maintains an Approved Broker and Execution Venue list. This list contains all brokers and execution venues that are approved by Cardano Dealer Committee for use to execute orders on behalf of CAM's clients. The composition of the Approved Broker and Execution Venue list may change during the calendar year.

### 2.2 Selection Process

When selecting an execution venue or broker, for inclusion on the Broker List, CAM will consider, besides the execution factors mentioned in the Order Handling Policy, the following relevant factors (in no particular order):

- Confidentiality
- Access to primary deal flow
- Market intelligence
- Reputation and financial reliability
- Quality of the execution and electronic and/or algorithmic offering
- Geographical relevance
- Compliance with CAM's Sustainable Investment Policy

When selecting a broker or execution venue for the execution of any particular trade CAM considers many execution factors for each individual investment decision.

CAM will consider the following execution factors (in no particular order):

- Price or spread
- Transaction cost, including explicit costs such as fees, commissions and tax, and implicit costs such as market impact
- Speed of execution
- Likelihood of execution, completion, clearing and settlement
- Liquidity
- Creditworthiness of the broker or execution venue
- And any other consideration relevant to the selection of a broker or execution venue

Compliance with CAM's Sustainable Investment Policy

## 3 Review process

### 3.1 Regular, semi-annual assessment and First Time Right

CAM reviews its Approved Broker and Execution Venue list by means of Transaction Cost Analysis (TCA) on quantitative measures and at least twice a year, in July and in January, on both quantitative and qualitative measures including quality of settlement process based on back office input with regard to First Time Right. CAM's policy is to maintain a selection of brokers and execution venues that meet the requirement deemed necessary to obtain Best Execution on a consistent basis when transmitting and executing orders.

- Regular assessment:

Trade executions are captured in TCA and are monitored regularly against their benchmarks. Monthly reports, Year to Date reports and End of Year reports are communicated internally to all relevant users. TCA reports are used to review the quality of the executions received from brokers and execution venues against an internal benchmark.

- Semi-annual assessment:

Executions from brokers and execution venues are assessed on both quantitative and qualitative measures. Quantitative assessment is monitored by quality review from the regular assessment.

Qualitative assessment measures take the following execution factors (equal weight) into account:

- Quality of Sales/Trading Service
- Quality of electronic and/or algorithmic offering
- Quality of market intelligence

## 3.2 Semi-annual review process

The results of the Regular assessments and Semi-annual assessment are combined twice a year during the review process (Regular assessment + Semi-annual assessment and FTR). The outcome of this semi-annual review process may lead to changes in the Approved Broker and Execution Venue list. The review process may be initiated more often by CAM Treasury & Execution if so deemed desirable.

CAM Sustainability & Strategy will monitor on a quarterly basis if all Approved Broker and Execution Venues are in compliance with CAM's Sustainable Investment Policy and report its findings to CAM Treasury & Execution.

## 4 Specific Instructions & Force Majeure

### 4.1 Specific Instructions

If CAM receives a specific instruction from a client which broker or execution venue should be used to execute an order CAM will execute accordingly where reasonably possible. For the avoidance of doubt, as AIFM, CAM does not provide execution only services for its clients.

### 4.2 Force Majeure

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

## 5 Policy Assurance Methods

### 5.1 Policy Adherence Monitoring & Publications

CAM has implemented the semi-annual review process to monitor the (performance of the) execution venues and brokers. CAM's Best Execution Working Group performs semi-annual reviews of the level of compliance with applicable trading policies, including this Policy.

Annually CAM will publish (jointly with its publication under the Order Handling Policy) a top five execution venues (including corresponding trading volumes) per financial instrument category separately (RTS 28) and a statement on the quality of execution (RTS 27).

## 6 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.

## 6.1 Best Execution Working Group

CAM's Best Execution Working Group will be responsible for monitoring this Policy. Adherence to the Policy will be tested by CAM Best Execution Working Group on a regular basis also taking into account the effectiveness of the venues where orders are executed at or transmitted to.

## 6.2 Treasury & Execution desk

CAM Treasury & Execution is responsible for the correct application of this Policy and for conducting a periodical review on the Policy and its validity.

CAM Treasury & Execution is responsible for keeping this Policy up to date and for aligning with the stakeholders mentioned under "Consultation". Annually CAM Treasury & Execution will align with CAM's Best Execution Working Group whether this Policy is still up-to-date and report thereon to the RMC -ORC MT AM.

## 6.3 Effective Date & Amendments

This Policy enters into effect as per 17 December 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 CAM Treasury & Execution will inform Business Development and Sales and Marketing to inform clients and update the website, respectively.**

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