Best Execution Policy

Last revised:	2022-10-31
Adopted by the BoD:	2022-12-05
Applicable from:	2022-12-05
Policy owner:	Head of Operations
Independent reviewer:	Chief Compliance Officer
Classification:	External distribution allowed

Background

Commission Delegated Regulation (EU) No 231/2013 requires AIF managers to establish internal rules on how the company or manager will achieve the best possible result when conducting portfolio transactions or placing orders with third parties for the execution of transactions. Corresponding rules, applicable to UCITS funds, can be found in Chapters 18 and 19 of the Financial Supervisory Authority's regulations on UCITS funds (FFFS 2013:9). Certain provisions on order allocation under the MiFID II Directive also become relevant when performing investment advice and discretionary portfolio management services (Art 68 c of the MiFID II Delegated Regulation).

Policy Objectives

As an AIF- and UCITS Investment manager that also provides discretionary management and investment advice, Coeli is therefore obliged to take all reasonable steps to achieve the best possible result when the company executes orders, or transactions for discretionary portfolios and portfolio transactions for UCITS funds, or AIF funds in financial instruments, or other assets for which best order execution is relevant. Examples when this is not relevant is for Coeli's Closed End products where the instruments are not traded on several regulated market. This becomes relevant both when Coeli conducts transactions itself and when orders are forwarded to third parties.

Applicability and Scope

This rule applies to everyone in Coeli who are executing orders, or transactions for discretionary portfolios and portfolio transactions for UCITS funds, or AIF funds in financial instruments, or other assets for which best order execution is relevant.

Definitions

Speed refers to the time from investment decision to execution

Promptness refers to doing the trade quickly and without risk for any delay

Nature of the transaction refers to the characteristic of the trade such as size, timing, and promptness.

VWAP is the Volume weighted average price over the time of the order.

Arrival Price is the last price at the time when the order is sent to market. It is used as a benchmark for best execution.

Roles and Responsibilities

Portfolio Managers and other employees executing orders, or transactions for discretionary portfolios and portfolio transactions for mutual funds, or AIF funds in financial instruments, or other assets for which best order execution is relevant, are responsible for reading and complying with this policy, and staying informed of any updates.

Compliance, led by the CCO, is the function responsible for reviewing compliance with this policy. Compliance is also responsible for monitor and follow up the routine of controls, and to report to the board of directors.

The Board of Directors is responsible for ensuring that Coeli has appropriate policies governing best execution in accordance with external, regulatory requirements.

Middle office is responsible for the post-trade controls and to monitor on a regular basis the effectiveness of the Company's best execution procedure, in particular, the quality of the execution by its counterparties and, where appropriate, correct any deficiencies.

Policies

Execution of portfolio transactions

When executing portfolio transactions, Coeli takes all reasonable steps to achieve the best possible result in terms of:

- price
- cost (transaction cost)
- speed
- likelihood of execution and settlement
- transaction size
- the nature of the transaction, and
- other conditions essential to execution, such as access to liquidity

Coeli takes the following into account in order to determine the relative importance of these factors:

- objectives, investment focus and risk profile of the portfolio
- nature of the transaction
- distinctive characteristics of the financial instruments included in the portfolio transaction,
- market conditions and access to liquidity; and
- distinctive characteristics of the trading venues where the portfolio transaction may be executed

Coeli considers these factors at the time of execution on the basis of the financial instrument in question and prevailing market conditions. Coeli will normally attach the greatest importance to price when executing portfolio transactions, which means that the company is committed to seeking to achieve the best possible result in terms of the total amount to be paid or received by the client or fund. However, Coeli may pay greater attention to other factors if the nature or size of the order may have a significant impact on the price or the likelihood of execution, for example in instruments limited accessibility or in times of high volatility, or if there are other relevant reasons to ascribe greater importance to factors other than price. Coeli has compiled a list for each of the UCITS- and AIF funds managed by Coeli where best execution is relevant. In each case the characteristics of the fund is taken in to consideration when looking at the importance of the different factors. This list is updated once a year. An overview of the factors that are typically decisive for Coeli when executing portfolio transactions are presented below.

Type of financial instrument	***Dominant factor***
Equity (liquid)	1. Price 2. Cost 3. Likelihood of execution and settlement
Interest-bearing instruments	1. Price 2. Likelihood of settlement 2. Liquidity
Futures	1. Promptness 2. Price 3. Cost
Listed derivatives and OTC derivatives	1. Price 2. Access to liquidity 2. Likelihood of settlement
Venture capital funds	1. Price 2. Likelihood of settlement

Placement of orders with third parties

Coeli has specific instructions for the selection of counterparties for the placement and forwarding of orders for financial instruments (brokers). These instructions aim to ensure that the interests of UCITS fund shareholders and clients are protected by selecting the counterparty that will provide the best possible results for the funds and clients in accordance with this policy. As part of this process, Coeli must continuously evaluate the counterparties used for this purpose.

Evaluation of brokers

The company considers the following criteria when approving and continuously evaluating counterparties (brokers) for the placement and forwarding of orders:

- Size and type of orders generally handled by the counterparty
- Cost/price
- Operational efficiency, i.e. execution and settlement capacity
- Soft factors such as economic and political risk, reputation of the counterparty, etc.
- General service and the counterparty's previous experience
- The counterparty's policy for best order execution

Potential conflicts of interest attributable to the company's choice of broker

The company must make an overall assessment on the basis of the above criteria before approving a broker as a counterparty for executing orders in respect of financial instruments. The company's priority must be to select brokers who are deemed to be able to achieve the best possible result for the client and the fund upon execution.

The best possible result in the execution of orders by third parties is normally defined as the price but can also be measured in other terms, such as speed. Only brokers that have been evaluated and approved according to the above criteria and included in the Broker List (Coeli's list of approved trading counterparties) applicable at the time may be used to execute portfolio transactions or orders. More detailed information on the rules and processes applicable to the selection and evaluation of brokers is described in Coeli's internal rules applicable at the time for broker evaluation.

Execution of orders relating to equity and exchange-traded funds, etc.

Coeli has access to a number of regulated markets and other marketplaces (MTFs) through Direct Market Access (DMA) provided by Coeli's partners. Shares, exchange-traded funds (ETFs) and other exchange-traded instruments can be traded directly through DMA. Coeli's DMA links use Smart Order Routing (SOR), which means that the order is automatically executed at the trading venue where it can be executed at the best price.

In other situations, such as when an instrument is traded at a trading venue to which Coeli does not have access through DMA, or when the order is deemed to be executable with more favorable terms as a block order, the order is forwarded to one of Coeli's brokers that has been approved and included in Coeli's broker list. The order is then executed in accordance with the broker's best execution policy.

Execution of orders with regard to fund units

Subscriptions and purchases of units in non-exchange-traded funds will normally be made directly against the fund manager managing the fund in question at the price or rate set by the fund manager. Coeli will then be considered to have achieved the best result for the fund or client. Redemption of fund units will be made in the same way at the price or rate set by the fund manager.

Execution of orders in respect of bonds, derivatives, etc.

Corporate bonds, money market instruments, currencies and derivatives are traded OTC, i.e. directly with the broker. The choice of broker for each individual transaction in these cases is based primarily on an assessment of the best price for the fund or client, followed by the volume available and the promptness of execution.

Execution of orders with regard to Private equity funds

Subscriptions and purchases of shares or similar financial instruments in Private equity funds take place when the Private equity fund in question conducts a new issue. The subscription will therefore normally be made directly against the fund in question and at the price or rate set by the fund in question. Coeli will then be considered to have achieved the best result for the fund or client. Disposal of the shares or similar financial instruments takes place when the Private equity fund is liquidated, which means that the final price is set by the Private equity fund through the liquidation procedure. Coeli will then be considered to have achieved the best result for the fund or client.

Order management, aggregation and distribution

Coeli's objective is to execute portfolio transactions quickly, efficiently and fairly. Comparable orders will be executed promptly and in the order in which they are received if this is possible given the nature of the orders or transactions or the prevailing market conditions and clients' interests. Comparable transactions must be conducted simultaneously for all portfolios concerned when the portfolios form part of the same product group, i.e. they are either discretionary investment portfolios or funds.

Coeli's principle involves equal treatment of similar portfolios. However, funds and discretionary management are treated as two separate products, which is why orders will not be aggregated. If both a fund and a discretionary investment portfolio are to undertake a comparable transaction, Coeli must take all reasonable steps to ensure that trading can nevertheless take place simultaneously. If this is not possible, the fund will normally be given priority but trading in the discretionary portfolio must then take place as soon as possible thereafter.

When transactions are conducted simultaneously on behalf of different portfolios (block orders), the volume of trades must be allocated fairly between them. All portfolios for which transactions are conducted must receive an average price. The portfolios are treated according to the same allocation principle in the case of partially executed orders. As a general rule, the distribution principle is pro rata, which means that the volume of trades is distributed as a percentage of the size of the orders included in the block. However, investment limits and restrictions on individual portfolios may mean that this general rule cannot be fully complied with in some cases. Deviations from the distribution principle must be approved in writing by the CIO and the reasons for the deviation documented.

If pro rata cannot be applied fully because the number of instruments in the volume of trades does not even out, the excess instruments must be allocated to the portfolios representing the largest order volumes in the block.

Follow-up controls and monitoring

Coeli is using Bloomberg BTCA for post trade monitoring. The follow up controls are performed monthly and reported to the board of directors on a quarterly basis. The post trade monitoring is done by comparing the trades to a benchmark. Each fund has a benchmark that's decided by the portfolio manager and compliance to be the best fit for the funds' trading strategies. Example on such benchmarks is VWAP and Arrival Price.

Procedures and Work Instructions

Coeli shall establish the following procedures to comply with this policy:

- Procedure for evaluating brokers
- Procedures for follow-up controls

Record-keeping Policies

Each subsequent transaction must be documented in sufficient detail to allow the entire chain of transactions to be reconstructed retrospectively, in accordance with Coeli's procedure applicable at the time for the documentation of transactions. This is accomplished via our portfolio management system Broadridge and Bloomberg BTCA which records an audit log of all actions done with the transaction and all fills.

Related Policies

- Conflicts of Interest Policy

Version History

Date	Author	Description of updates
2022-10-31	Fredrik Bergling	New policy template; clarification of roles and responsibilities