



POLICY FOR THE SELECTION OF ENTITIES TO WHICH CANDRIAM TRANSMITS ORDERS FOR EXECUTION

1 SCOPE.....2

2 THE FINANCIAL INSTRUMENTS CONCERNED2

3 BEST SELECTION2

4 FACTORS OF BEST EXECUTION OF WHICH THE COUNTERPARTIES OF CANDRIAM MUST TAKE ACCOUNT2

5 BEST EXECUTION CRITERIA3

6 CANDRIAM COUNTERPARTY SELECTION POLICY.....3

7 INFORMATION FOR CLIENTS.....3

8 CONTROLS.....3

 8.1. Monitoring the best-selection policy.....3

 8.2. Second level of controls4

9 HANDLING CLIENT ORDERS.....4

10 GROUPING AND ALLOCATION OF ORDERS5

11 TERMS AND DEFINITIONS5

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POLICY FOR THE SELECTION OF ENTITIES TO WHICH CANDRIAM TRANSMITS ORDERS FOR EXECUTION

1 SCOPE

The present policy applies to any **client under portfolio management mandate** (discretionary mandate, and structural investment advice mandate) and **to any Fund managed by Candriam**.

This Policy relates essentially to the obligation to act in the best interests of clients and/or Funds, when placing orders to deal on behalf of the Client and/or managed Funds with other entities for execution, in the context of the management of their portfolio, in accordance with the requirements stated by the applicable directives, regulations, and legislations.

The objective of this Policy is to select counterparties whose Execution Policy will enable them to obtain the best possible result in executing orders.

Candriam only selects counterparties (i) whose Execution Policy enable them to obtain the best result possible in executing orders (ii) who classify Candriam as a being Professional as defined by MiFID regulation.

Note: The internal procedure called " Policy about the best execution of orders at Candriam Belgium & Candriam Luxembourg " complete this selection policy, it details especially controls pre-trade and post-trade implemented to monitor the Best Execution.

2 THE FINANCIAL INSTRUMENTS CONCERNED

These are the instruments listed in Section C of Annex 1 to Directive 2004/39/EC, in particular:

- Transferable securities (company shares, government and corporate bonds ...);
- Money market instruments (Treasury notes, commercial paper ...);
- Units in undertakings for collective investment;
- Option contracts, forward contracts, exchange contracts, forward rate agreements (FRA) and any other derivatives contracts relating to transferable securities, currencies, interest rates or financial indices that might be settled by physical delivery or in cash.

3 BEST SELECTION

Candriam will take all reasonable steps to obtain the best result when it transmits for execution to other entities any orders resulting from its decisions to trade financial instruments on behalf of its client and/or Funds.

4 FACTORS OF BEST EXECUTION OF WHICH THE COUNTERPARTIES OF CANDRIAM MUST TAKE ACCOUNT

The principal factors of best execution take account of:

- price;
- cost;
- speed;

POLICY FOR THE SELECTION OF ENTITIES TO WHICH CANDRIAM TRANSMITS ORDERS FOR EXECUTION

- probability of execution and settlement; and
- the size and the nature of the order or any other consideration relevant to the execution of the order.

This includes multi-listed instruments.

Furthermore, for the retail client under portfolio management mandate the best result possible is determined on the basis of **total cost**, representing the price of the financial instrument and the costs associated with the execution, which include all the expenses incurred by the client directly associated with the execution of the order.

Nevertheless, each time a specific instruction is given by or on behalf of a client / Fund, Candriam will ensure that the counterparty in charge of execution is duly notified.

5 BEST EXECUTION CRITERIA

Candriam shall take the following criteria into account:

- The characteristics of the order in question;
- The characteristics of the financial instrument to which the order relates and in particular its level of risk;
- The type of intermediation: “agency” (liquidity providers outside the counterparty) or “facilitation” (own-account activity);
- The characteristics of the execution venue to which the order may be channelled, namely the regulated markets or any other liquidity provider including MTF (Multi Trading Facilities) and internalisation systems.

6 CANDRIAM COUNTERPARTY SELECTION POLICY.

Candriam has implemented a policy governing the selection of counterparties for major classes of financial instruments (equities, bonds, derivatives).

The entities thus selected have mechanisms for the execution of orders that enable to obtain the best result as described above.

7 INFORMATION FOR CLIENTS

The selection policy is disclosed to clients and/or holders of Fund units on the www.candriam.com website.

8 CONTROLS

8.1. Monitoring the best-selection policy

Candriam will regularly monitor the effectiveness of the policy aimed at obtaining the best result possible and in particular the quality of execution by the entities selected under that policy. Where appropriate, Candriam will correct any shortcomings and deficiencies.

Candriam will review this policy on an annual basis and whenever a material change occurs that affects Candriam's ability to continue to obtain the best possible result for the Client/ the Fund.

POLICY FOR THE SELECTION OF ENTITIES TO WHICH CANDRIAM TRANSMITS ORDERS FOR EXECUTION

8.2. Second level of controls

Candriam authorized brokers list is defined and reviewed by the Broker Review Committee at least once a year.

Based on the Front Office Survey and the assessment of the existing brokers with regard to research, investment ideas and execution quality, the Broker Review Committee decides whether or not to maintain the existing brokers and to validate or reject new brokers requests.

The adoption of any new authorized broker is subject to the validation of Candriam's Risk Management, Compliance, Legal, and Operations validated in the Broker Review Committee (ref. Broker Selection & Monitoring Procedure – Risk Management). Compliance has a Veto right at the Broker Review Committee.

Risk Management authorises the input of each Broker in the Candriam's Front-Office and Middle-Office system.

Only Broker on the authorized list are encoded in the Middle-Office system.

Any authorized Broker not following the Candriam Policy is rejected. A communication is sent to this Broker to put him on hold. Risk Management and Compliance are always informed prior to the communication to the Broker.

Compliance screens regularly the Candriam's Counterparties against the WorldCheck database.

9 HANDLING CLIENT ORDERS

Candriam adhere to the following conditions in the transmission of orders for and from clients and/or for Funds to its counterparties: it shall

- ensure that the orders executed are distributed with speed and precision;
- handle orders for and from clients and/or for Funds in the order of their arrival and with speed, unless the nature of the order or the prevailing market conditions are such as to render that impossible, or unless the interests of the client and/or Fund require us to proceed otherwise;
- inform clients and/or holders of Fund units of any serious difficulty likely to influence the proper execution of orders as soon as we become aware of such difficulty.

Furthermore, Candriam shall define in advance the future allocation of the orders it issues. As soon as it has been informed of their execution, it shall send the depositary of the client and/or Fund or account holder the precise allocation of the payees named in the orders that have been executed. That allocation shall be final.

Where necessary, Candriam will ensure that the financial instruments and amounts in cash of the client and/or the Fund that are received in settlement of the executed order are transferred rapidly and correctly to the account of the client and/or the Fund in question.

In addition, Candriam will take all reasonable steps to prevent improper use being made of information relating to orders from clients and/or Funds awaiting execution, by any person whomsoever concerned in the management of the orders in question.

POLICY FOR THE SELECTION OF ENTITIES TO WHICH CANDRIAM TRANSMITS ORDERS FOR EXECUTION

10 GROUPING AND ALLOCATION OF ORDERS

Candriam has put a policy in place for the grouping of orders in accordance with the applicable regulations. Orders are therefore grouped only where it is to the advantage of the client and/or the Fund for them to be so. In addition, an order allocation policy is in force that ensures the fair allocation of orders and grouped transactions.

Under the present policy, Candriam inform its clients and/or the holders of Fund units that grouping can have a detrimental effect on a particular order.

11 TERMS AND DEFINITIONS

For the purposes of this Policy, the following definitions apply:

- Client or investor: any natural or legal 'professional or non professional' person whose investments are managed by Candriam under a discretionary management contract or a structural investment advice mandate.
- Total cost: stands for the price of the financial instrument and the execution-linked costs, which include all expenses incurred by the client directly related to the execution of the order.
- Fund: any fund managed by Candriam.
- Entity: any financial counterparty selected by Candriam to execute the orders of 'professional' investors.
- Specific instruction: any order that Candriam receives from a client that stipulates one or more execution criteria (place, price, ...).
- Financial or other instruments: those listed in section C of Annex 1 to Directive 2004/39/EC and in Directive 2009/65/EC.
- Order: an instruction to sell or buy (redeem or subscribe) a financial instrument.
- Best Selection policy: this document as amended or modified.
- Net price: price of the financial instrument excluding execution-related costs