

Order handling/execution principles

This document sets out the principles adopted by SAI EAM in accordance with the provisions laid down in Government Emergency Ordinance (GEO) no. 32/2012

I. General

While performing transactions and implementing investment decisions, SAI EAM must always act in the best interest of the investment portfolio it manages, in accordance with the legal regulations in force.

SAI EAM will act with due diligence in order to make sure that transactions yield the best possible outcomes for the investment portfolios under management.

SAI EAM will act honestly, fairly, transparently and professionally, while observing the principles of professional conduct established by the applicable legal regulations, internal procedures and market practices.

Orders will be placed by approved eligible counterparties only, in consideration of factors such as: price, costs, speed of execution, likelihood of execution and settlement, size, nature of transaction or any other order characteristics that are relevant for execution purposes.

The relative significance of the factors above will be determined based on the following criteria:

- The investment objectives, policy/strategy and portfolio-specific risks, as indicated in the fund prospectuses
- Order characteristics.
- The characteristics of the securities traded.
- The characteristics of the trading venue where orders may be executed.

The manner in which transactions will be performed as well as the relevant counterparties will be established having in view the principle of best execution, on the basis of criteria such as:

- Transaction size
- The need to minimize impact on market price
- The counterparty's ability to handle the orders
- Access to liquidity/transactions
- Trading venues (regulated markets or OTCs)
- Transaction fees and other settlement costs
- Other characteristics of the trading market
- Other relevant factors

Trading may be performed individually, for each separate portfolio, or by way of **aggregate orders**, for several portfolios at a time. Order aggregation will be performed only when resulting in better order execution, in the interest of all the portfolios concerned.

When seeking to implement investment decisions for several portfolios at the same time, portfolio managers will place aggregate orders. As a general rule, partial order execution will be performed on a pro rata basis. Under exceptional circumstances, portfolio managers may decide to execute orders on behalf of one or several portfolios on a discretionary basis.

When seeking to buy/sell securities/money market instruments on behalf of several managed portfolios, SAI EAM will try to secure the same price/trading conditions terms for all the portfolios concerned. Nevertheless, the same securities/money market instruments may be purchased/sold subject to various price/trading conditions for each portfolio managed.

Differences may occur due to the fact that (i) certain specific markets may be less liquid or (ii) trading conditions may also depend on portfolio size (which varies significantly).

Transactions between either two portfolios managed by SAI EAM will be allowed. For best execution purposes, SAI EAM will have to make sure that transactions are executed at market price, when financial instruments are traded on a regulated market or OTC that is deemed liquid and transparent considering the publication of daily price quotations, or at the fair price (determined based on established calculation methods).

SAI EAM will make sure that orders are handled/executed in the best interest of both parties involved, while also being reviewed on an individual basis.

II. Transactions by asset class

1. Financial instruments admitted to trading on a regulated market – shares/certificates/investment funds/structured notes

Fund managers will submit orders on behalf of the portfolios managed for execution by authorised brokers, approved by the SAI EAM Management Board.

Counterparties and trading venues will be selected based on the criteria listed above, having in view the principle of best execution.

Thus, in the case of small orders, factors such as price, cost and speed of execution will be mainly considered, while in the case of large orders, likelihood of execution and settlement and market impact will also play a significant role.

The list of trading venues where SAI EAM may submit orders for execution on behalf of the portfolios managed is shown in *Annex 1* and is not exhaustive. The list shows the venues where the best possible outcome for order execution can be consistently achieved, but SAI EAM is entitled to include/exclude venues in/from the list, subject to its own assessments.

2. Financial instruments not admitted to trading or financial instruments admitted to trading but traded outside regulated markets – fixed-income instruments.

Transactions performed outside regulated markets will take place by direct negotiation with approved counterparties or by way of orders placed by brokers/approved counterparties.

Market conditions will be established based on the relevant Bloomberg pricing data. Quotes will be requested from at least three approved counterparties, usually when relevant track records exist for the specific financial instrument concerned. The Bloomberg pricing data will also be reviewed for the same purpose. However, it should be noted that, under specific circumstances, for instance in the case of markets and securities that are less liquid, commanding quotes from several counterparties is not possible or even desirable.

Sometimes, there is only one relevant counterparty and no other price quotes can be received.

3. Deposits

When selecting banks for setting up deposits with different maturities, the Investment Department will mainly consider the criteria below:

- Counterparty eligibility.
- The interest rates offered versus key interest rates and the interest rates offered by competitors.
- Current exposure and maximum exposure (as approved).
- Potential operational constraints.

Other factors may be considered by the relevant portfolio manager, taking into account the specific characteristics of the portfolio.

4 Trading in the shares of other Collective Investment Undertakings (except for listed Collective Investment Undertakings, i.e. Exchange Traded Funds)

Orders concerning the shares of Collective Investment Undertakings in Romania will be placed with the respective CIU manager or the authorised brokers by way of agreed means of communication.

Orders concerning the shares of CIUs from other countries will be placed with the respective CIU distributor.

5. Repos/reverse repos, sell-buy backs, buy-sell backs

When selecting counterparties for the transactions above, fund managers will consider the following criteria:

- Counterparty eligibility – whether the relevant counterparty is approved.
- Price quotes.
- Specific requirements (e.g. collateral haircut).
- Potential operational constraints.

Other factors may be considered by the relevant portfolio manager, taking into account the specific characteristics of the portfolio.

6. Financial derivatives – transactions outside regulated markets

OTC financial derivative transactions will be performed with approved counterparties when ISDA arrangements are in place, while market conditions will be reviewed based on price quotes from relevant providers (e.g. Bloomberg) or other various counterparties.

III. Revision

SAI EAM will monitor the effectiveness of the principles above, particularly the quality of order execution by agreed eligible counterparties, on a regular basis and will correct deficiencies when they arise.

This document will be subject to review on an annual basis or whenever significant changes arise, with an impact on the ability of SAI EAM to continue to achieve the best possible transaction outcomes for the portfolios it manages.

***ANNEX I*– Trading venues**

BVB – Bucharest Stock Exchange (BSE)

Luxembourg Stock Exchange

Irish Stock Exchange

Frankfurt Stock Exchange

Vienna Stock Exchange

Warsaw Stock Exchange

Budapest Stock Exchange

And any other EU regulated market or third-country market, as defined in the applicable laws in force.