



GAY-LUSSAC
GESTION

BEST
SELECTION
POLICY

January 2021



Best selection policy of Gay-Lussac Gestion

PART 1 EXECUTION SELECTION

Update : January 2021

1. SUBJECT

Pursuant to the Markets in Financial Instruments Directive 2014/65/EU of the European Parliament and of the Council of the European Union of 15 May 2014 on markets in financial instruments, as amended by Directive (EU) 2016/1034 of 23 June 2016 (hereinafter "MiFID 2") and revising Directive 2004/39/EC of 29 April 2004 (hereinafter "MiFID" or "MiFID Directive"), Gay-Lussac Gestion has put in place, as part of its obligation to act in the best interests of its clients and of the UCIs it manages, this policy.

This document describes the measures implemented to obtain the best possible result when Gay-Lussac Gestion carries out its portfolio management activity, in terms of selection of authorized intermediaries or order execution.

It also sets out the measures taken to monitor the effectiveness of the arrangements for selecting intermediaries or executing orders and of the policy in this regard, in order to detect deficiencies and to remedy them if necessary.

2. WHAT IS BEST SELECTION AND BEST EXECUTION?

The principle of "best execution" takes the form of best selection, which consists in selecting for each class of instruments the entities to which orders are transmitted for execution.

Best selection requires taking all reasonable steps to obtain, in most cases, the best possible execution of orders transmitted on behalf of the portfolios managed by Gay-Lussac Gestion.

It is also appropriate to display the performance achieved through the publication of information relating to the activity and the quality of execution of the top five intermediaries used per asset class.

3. CONTEXT AND SCOPE OF APPLICATION

Gay-Lussac Gestion is an institution approved by the 'Autorité des Marchés Financiers' (AMF) as a portfolio management company and whose authorized financial instruments (referred to in section C "Financial Instruments" of Annex I of Directive 2014/65/EU (known as "MiFID 2") are specified in the approval grid available on the AMF website.

3.1. REFERENCE TEXTS

The reference texts translating the MiFID 2 obligations and defining the obligations of the approved institutions are mainly:

- The Monetary and Financial Code (CMF): articles L.533-11 to L.533-16, L.533-18 to L.533-20
- MiFID 2: Directive 2014/65/EU of the European Parliament and of the Council of May 15, 2014
- The EU Delegated Regulation of 25/04/2016 of 25.4.2016
- The General Regulations of the Autorité des marchés financiers (AMF)
- The AMF 2014-07 "Position - Recommendation": guide to best execution.

3.2. MIF CATEGORISATION

This selection policy is established in favor of the UCIs managed by Gay-Lussac Gestion, and of the professional and non-professional clients of Gay-Lussac Gestion, which has generally opted for the status of "professional client" regarding its counterparties, in order to benefit from an adequate level of protection on their part, particularly with regard to the quality of execution of its orders.

3.3. EXECUTION VENUES

Depending on the order execution policy adopted by each intermediary or counterparty that has been selected, and in compliance with their best execution obligation, orders may be directed to:

- regulated markets ;
- organized markets that operate regularly (e.g. Marché libre, Alternext);
- multilateral trading facilities (MTFs);
- systematic internalisers.

Gay-Lussac Gestion reserves the possibility of using other execution venues when deemed appropriate within this selection policy.

Gay-Lussac Gestion authorizes the execution of an order outside a regulated market, a multilateral trading facility or an organized trading system. However, Gay-Lussac Gestion authorizes itself to revoke this authorization either on an ad hoc basis or definitively.

3.4. CATEGORISATION DES CLIENTS RAYMOND JAMES ASSET MANAGEMENT INTERNATIONAL

MiFID 2 establishes three main categories: "eligible counterparties", "professional clients" and "non-professional clients". This execution policy applies to all clients of Gay-Lussac Gestion, both non-professional and professional.

3.5. HEDGED FINANCIAL INSTRUMENTS

Gay-Lussac Gestion's execution policy covers all financial products included in the scope of MIF 2 and traded on the financial markets by counterparties or market intermediaries.

4. SELECTION OF FINANCIAL INTERMEDIARIES AND ORDER EXECUTION

4.1. USE OF AN EXTERNAL NEGOTIATION TABLE

Due to its status as a portfolio management company, Gay-Lussac Gestion is not a member of the markets but transmits orders on behalf of the managed UCITS or its clients under mandate to market intermediaries in charge of execution.

In order to meet the requirements of the MiFID2 directive more perfectly, Gay-Lussac Gestion has chosen to transmit its orders through an outsourced trading desk, the company Exoé. Exoé is approved by the ACPR, as an investment firm, to provide the investment services of Reception Transmission of Orders on behalf of third parties for the majority of the financial instruments referred to in section C "Financial Instruments" of Annex I of Directive 2014/65/EU.

This intermediary ensures - except in specific circumstances - the transmission of orders to selected counterparties in compliance with the new regulation.

The selection of execution counterparties is carried out by Gay-Lussac Gestion, and results from the criteria and measures carried out by Exoé on the list of intermediaries authorized by Gay-Lussac Gestion.

As an Investment Service Provider that provides RTO and third-party order execution services, Exoé has its own selection and execution policy, which is accessible on Exoé's website at <https://exoe.fr/regulation/>.

4.2. STRATEGY

Because of their regulatory obligations, the selected intermediaries authorized by Gay-Lussac Gestion are required to offer the best possible execution of orders when they provide an investment service to Exoé. Thus, in order to obtain the best possible result for a given order, Exoé selects the authorized intermediary in charge of execution according to the following criteria, ranked in descending order of relative importance :

- Compliance with any specific instructions from Gay-Lussac Gestion as defined in § 4.5.
- Consideration of the execution factors detailed in § 4.4, some of which are more important than others, in order to obtain the best possible result for its clients.
- Characteristics of the order: according to the size and nature of the order, the characteristics of the client and the financial instrument.

Exoé also acts as a participant on certain platforms validated by Gay-Lussac Gestion for certain price-driven markets, on behalf of its clients, to meet price offers proposed by service providers authorized by Gay-Lussac Gestion. Thus, in order to obtain the best possible result for a given order, Exoé executes the transaction according to the following criteria, ranked in decreasing order of relative importance:

- Compliance with any specific instructions from the client as defined in § 4.5.
- Consideration of execution factors, some of which are more important than others, to obtain the best possible result for its clients.
- Characteristics of the order: depending on the size and nature of the order, the characteristics of the client and the financial instrument.
- Characteristic of the execution platforms to which this order can be routed.

4.3. SELECTION COMMITTEE

Exoé conducts an evaluation of the service providers authorized by Gay-Lussac Gestion on the following criteria, on a half-yearly basis.

1. Collection of information on the capacities and characteristics of intermediaries with regard to execution quality, liquidity, trading information, probability of execution and commercial monitoring; this information is subject to an objective scoring carried out by Exoé and re-evaluated at least annually.

2. Execution performance measurements :

- Shares: TCA reports enable the comparison of prices obtained with their associated benchmarks over a given period, making it possible to rank counterparties according to their quality of execution. This result will only be considered significant if a sufficient number of transactions have been analyzed.

- Money and bond markets: Counterparty performance is measured by comparing the average prices provided by a set of the largest banks (CBBT index), weighted by the number of counterparties of each client.

These evaluations are returned by Exoé to Gay-Lussac Gestion's selection committee. Statistics on the volume of orders processed over the past period, the results of performance measurements and the ratings relating to the capacities of the intermediaries or platforms used are presented and lead the Gay-Lussac Gestion selection committee to propose a breakdown of flows to Exoé for the following period. The list of selected intermediaries is presented in the Appendix.

For Gay-Lussac Gestion's non-professional clients, the criterion of the total cost of execution of the order takes precedence over the other criteria. The total COST of a transaction is understood as the price of the financial instrument traded, increased by the various COSTs inherent in the execution of the order, including commissions, costs specific to the place of execution, clearing and settlement costs and any other costs possibly paid to third parties having participated in the execution of the order.

In addition, Gay-Lussac Gestion has permanent access to all information relating to the orders traded by Exoé in order to verify the adequacy of the service provided and compliance with the selection policy.

4.4. MATRIX OF FACTORS TAKEN INTO ACCOUNT

The matrix below details the factors selected to achieve the best possible execution.

Financial product	Transmission or implementation strategy	Factors retained
Actions	Orders are transmitted to an intermediary from the list of selected intermediaries.	<ul style="list-style-type: none"> • Price and probability of settlement • Probability of execution: liquidity: indication of interest allowing to detect an opposite flow on this order (block or facilitation) ; • Cost of the order: definition of the adapted strategy allowing to limit the impact of the operation; • Places of execution to which the trader is connected and which would allow a better execution, in terms of speed of execution ; • Direct access to the market on which the instrument is listed; • Good execution of the same value in previous transactions; • Fundamental monitoring (knowledge) of the security; • Compliance with the guidelines for the period
ETFs	Orders are transmitted to: <ul style="list-style-type: none"> • an intermediary from the list of selected intermediaries; • or a competitive bidding process (RFQ) of several authorized counterparties. 	<ul style="list-style-type: none"> • Price and probability of settlement ; • Probability of execution: natural liquidity or intervention by market makers ; • Cost of the order: definition of the appropriate strategy to limit the impact of the operation; • Platforms to which the trader is connected.
Rate and credit	Competitive bidding (RFQ) of several authorized counterparties.	<ul style="list-style-type: none"> • Price and probability of settlement ; • Probability of execution: liquidity: Axes presented by the counterparties ; • Quality of the intermediaries selected for the traded product ; • Cost of the order: definition of the appropriate strategy to limit the impact of the transaction.

4.5. SPECIFIC INSTRUCTIONS

When Gay-Lussac Gestion transmits an instruction concerning the selection of the trader (directed order), Gay-Lussac Gestion is then responsible for the best selection.

When Gay-Lussac Gestion transmits one or more instructions relating to the method of execution (specific instruction(s)): Exoé and the trader transmit and execute the order by following this (these) instruction(s) and are released from the best execution obligation on this (these) instruction(s). In this case, the responsibility for best execution falls to Gay-Lussac Gestion with regard to this (these) specific instruction(s). Gay-Lussac Gestion then controls the relevance of its selection and calls it into question if necessary.

5. MONITORING AND CONTROL OF BEST EXECUTION

As part of the regular monitoring of the best selection for the best execution, Exoé carries out regular controls. The reports resulting from these controls are then presented to Gay-Lussac Gestion.

On a half-yearly basis, Gay-Lussac Gestion receives a full report on the quality of execution provided by the selected and authorized entities. These reports are aggregated and controlled within Exoé by the Reporting and Compliance Department.

5.1. CONTINUOUS MONITORING

Exoé carries out several checks on a regular basis in order to ensure the proper functioning of its devices:

- Quality of execution in relation to benchmarks and instructions, validated by the trader at the end of execution;
- Sample analysis of best execution reports on transactions;
- Weekly monitoring of broker reviews;
- Analysis of customer complaints or incidents;

5.2. REGULAR EVALUATION

Exoé collects and presents the following analyses on a semi-annual basis :

Financial product	Nature of control	Criteria or methodology
Actions	Technical rating	<ul style="list-style-type: none"> • Market coverage • Regulatory Communication • Technical Capabilities • Trading Comments
	Broker Reviews	<ul style="list-style-type: none"> • Performance Analysis • Provider adequacy to needs
	Performance measurement (AAR)	<ul style="list-style-type: none"> • Measurement of deviations from benchmarks
	Multi-client AAR	<ul style="list-style-type: none"> • Benchmark Gap Measurement
ETFs	Performance measurement (AAR)	<ul style="list-style-type: none"> • Benchmark Gap Measurement
	RFQs	<ul style="list-style-type: none"> • Competitive Bid Analysis
Rates and credit	Technical rating	<ul style="list-style-type: none"> • Price and axis reliability • Technical Capabilities • Ranking • Trading Comments
	RFQs	<ul style="list-style-type: none"> • Competitive Bid Analysis • Evaluation of the platforms used
	AAR rate	<ul style="list-style-type: none"> • Benchmark Gap Measurement

5.3. INTRA-PERIOD EVENTS

In the event that a selected entity fails to meet its commitments and in the event of a duly notified event of importance, Raymond James Asset Management International may suspend or review the budget or allocation objectives defined. Similarly, a new intermediary may be authorized.

In addition, Exoé will inform Gay-Lussac Gestion of any major change in the offering of the selected ISPs or platforms that it will would consider as having a significant impact on the quality of execution, in order to allow a re-examination of the market intermediaries retained to execute the transmitted orders.

6. REVIEW OF THE EXECUTION POLICY

The Committee in charge of drafting this execution policy is composed of the General Management, the RCCI and the Management Department. It reviews the indicators as well as any changes in the following criteria: product coverage, client typology, technological developments, competitive situation, regulatory changes.

6.1. ANNUAL REVIEW

Gay-Lussac Gestion reviews annually the established selection policy, and the provisions regarding the transmission and execution of orders.

6.2. PUNCTUAL UPDATE

Moreover, each time a substantial modification occurs, failures are noted or an intra-period event (§5.3) occurs and affects Gay-Lussac Gestion's capacity to continue to obtain with regularity the best transmission for the best execution of orders, or the best execution, Gay-Lussac Gestion re-examines its execution policy.

6.3. MEANS OF INFORMATION AVAILABLE TO CLIENTS CONCERNING THE EXECUTION POLICY

In the event of modification, the updated version will be directly accessible on the website and is worth notification by Gay-Lussac Gestion to its customers. The execution policy can also be sent by mail on simple request:

Gay-Lussac Gestion - 45 avenue Georges V 75008 Paris www.gaylussacgestion.com

Gay-Lussac Gestion selects service providers offering investment decision support services: These services of financial research, economic analysis ... bring added value to the investment decisions of the management teams and are remunerated according to a defined budget compatible with the primacy of the clients' interests.

If the selected research is proposed by a broker, and provided that the quality of execution of this service provider has been judged satisfactory by Gay-Lussac Gestion, the payment of the defined budget may take the form of an order allocation. In this case, the parts relating to the execution on the one hand and to the research on the other hand will remain distinct. In accordance with the regulations, Gay-Lussac Gestion will publish annually a "Report on intermediation fees" on its website.

SELECTION CRITERIA SEARCH

The following criteria are noted in a half-yearly vote.

Participants	Rated themes
Management team	Quality of the financial research produced
Management team	Sales Contact Quality
Management team	Analyst/specialist meetings quality
Head of Asset Management	Adequacy of the provider to RJAMI's strategy
Risk and Compliance	Veto Right

The result of the votes is presented for validation by the Selection Committee.