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BESTINVER SOCIEDAD DE VALORES, S.A.

BEST EXECUTION POLICY

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## 1. Introduction

In this Policy, Bestinver Sociedad de Valores, S.A., hereinafter “Bestinver Securities”, sets out the best execution and financial intermediary selection principles concerning the services of execution of orders and reception and transmission of orders.

## 2. Scope of application

This Policy is internally applicable to members of Bestinver Securities’ governing body, directors, staff and persons related to them directly or indirectly by control.

## 3. General remarks

The MiFID Regulation (Directive (EU) 2014/65/EU, Commission Delegated Directive (EU) 2017/593 and Commission Delegated Regulation (EU) 2017/565 establish the general principle that firms providing investment services and ancillary services must act honestly, fairly and professionally in accordance with the best interests of their clients.

With regard to services involving the execution of orders and reception and transmission of orders, this requirement entails:

- Bestinver Securities having to put reasonable measures in place to obtain the best possible outcome for its clients; and
- Understanding that this “best” outcome may not always just refer to obtaining the best price; it may cover other aspects such as execution costs, the likelihood of execution and settlement, size, etc. as per the parameters (referred to as “Best Execution” Factors) stipulated in Art. 27.1 of Directive 2014/65/EU.

With regard to intermediation arrangements, Bestinver Securities may simultaneously act as an intermediary for clients on both the buy and sell side, charging the clients involved the normal fee for intermediating in fixed-income security and equity transactions. In such cases, Bestinver Securities will specifically inform the counterparty in the transaction beforehand if the fee to be charged to one of the parties in the transaction or one of the terms of the arrangement exceeds the normal market rate.

The procedures for complying with the law and internal rules and procedures, including on how to handle and resolve conflicts of interest, are extensively and conveniently explained in the Conflicts of Interest Policy.

As established in Art. 64 of Commission Delegated Regulation (EU) 2017/565, when executing client orders, investment firms must take into account the following factors:

- The characteristics of the client including the categorisation of the client as retail or professional;
- The characteristics of the client order;
- The characteristics of the financial instruments that are the subject of that order; and
- The characteristics of the execution venues or intermediaries to which that order can be directed.

Bestinver Securities also advises that any specific instruction from a client may impede Bestinver Securities from adopting the measures set forth in its Best Execution Policy with regard to the aspects included in said instructions. Bestinver Securities reserves the right to accept this type of order.

The regulation states that clients must be informed of the most pertinent aspects of the Best Execution Policy and any material amendments thereto.

#### **4. Relevant legislation and regulations**

The following are particularly applicable:

- Ley 6/2023, de 17 de marzo, de los Mercados de Valores y de los Servicios de Inversión Real Decreto 813/2023, de 8 de noviembre, sobre el régimen jurídico de las empresas de servicios de inversión y de las demás entidades que prestan servicios de inversión);
- National Securities Market Commission (CNMV) Circular 1/2014 of 26 February 2014 on the control functions and internal organisational requirements for firms providing investment services and the Implementing Guidelines thereof;
- Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments (“MiFID II”);
- Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 (Arts. 64-70);
- Delegated Regulation (EU) No 600/2014 (“MiFIR”) (Level I, Level II and, where applicable, Level III) and the Regulatory Technical Standards (RTS)) implementing it; and
- Commission Delegated Regulation (EU) 2017/576 of 8 June 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to

regulatory technical standards for the annual publication by investment firms of information on the identity of execution venues and on the quality of execution.

**5. Approval**

Bestinver Securities owns this Policy and it has been approved by the Board of Directors, on the Legal Compliance function's recommendations, in accordance with the provisions laid down in the applicable legislation and regulations that Bestinver Securities is required to adhere to. Any subsequent amendments shall be approved by the Board of Directors based on the Legal Compliance function's recommendations.

**6. Distribution of and oversight of compliance with the Policy**

The Legal Compliance function is responsible for ensuring this Policy is constantly adhered to, carrying out any tests and reviews needed to do this.

This Policy and its effectiveness will be reviewed at least annually, focusing especially on the quality of execution of the execution venues and financial intermediaries listed in Annexes A and B. To do this, Bestinver Securities may appoint third parties to gather and provide the information on this quality of execution.

Bestinver Securities must assess whether there has been a substantive change and shall decide on whether it is appropriate to make any alterations regarding its preferred service providers or execution venues to fulfil the general obligation to achieve the best possible outcome. A substantive change shall be any major event that could affect the best execution parameters such as cost, price, speed, likelihood of execution and settlement, size, status and any other aspect that is important to order execution.

All Bestinver Securities staff shall be informed of this Policy through the usual channels and/or through the channels Bestinver Securities deems appropriate. This Policy and the revisions thereof shall also be available to all Bestinver Securities personnel for information purposes.

**7. Best Execution Policy**

Bestinver Securities shall take the necessary steps to obtain the best possible result for its clients when executing orders. The Best Execution Policy sets out the strategy to achieve this objective.

Bestinver Securities is not under the obligation to obtain the best price when executing any orders received from its clients, rather to apply the Best Execution Policy set forth in this document for all orders received with a view to consistently achieving the best possible outcome. This constitutes a duty to act (execute its clients' orders in accordance with its Best Execution Policy that clients have previously been made aware of and accepted).

The Best Execution Policy is designed to ensure existing and potential clients have all the information needed to make an informed decision when selecting the provider or providers to handle their orders.

## **7.1. Selection of execution venues and financial intermediaries**

'Execution venue' includes a regulated market, a multilateral trading facility, an organised trading facility, a systematic internaliser, or a market maker or other liquidity provider or an entity that performs a similar function in a third country to the functions performed by any of the foregoing.

Bestinver Securities shall take into consideration the following factors to determine the best possible outcome when orders are executed and transferred:

- Price;
- Overall quality of execution of orders (speed, likelihood of execution and settlement, effectiveness, etc.);
- Costs related with execution, which shall include all expenses borne by the client that are directly related to executing the order, including execution venue fees, clearing and settlement fees and any other fees paid to third parties involved in order execution;
- Order size and status;
- Quality of overall research on a sector or particular geography;
- Quality of the outcome of the transactions;
- Weight of the intermediary's recommendation in the market;
- Solvency;
- Reputation;
- Market coverage (domestic and international);
- Quality of back-office service, i.e. that it confirms orders correctly and by the agreed deadlines;

- Securities clearing systems; and
- Any other factor considered to be relevant to receiving, transferring and executing an order.

Bestinver Securities shall review the quality of previously selected financial intermediaries' own best execution policies at least once a year.

The Financial Intermediary Selection Committee is responsible for reviewing and selecting these intermediaries based on the Sales Trading Department's recommendations.

The Financial Intermediary Selection Committee shall comprise the heads of the Sales Trading, Equity Trading and Fixed-Income departments, along with the heads of the Settlements Department and Legal Compliance function and a legal advisor.

Bestinver Securities shall permanently monitor financial intermediaries to verify that the conditions under which they were selected continue to apply.

Evaluations shall focus on two areas: first, the operational efficiency and, second, the solvency and reputation of the executing firms.

Trading venue shall be selected according to the financial instrument stipulated in the client's order.

Bestinver Securities may, solely and expressly at the client's request and in exceptional circumstances, execute orders outside a venue trading equity instruments.

#### **7.1.1. List of execution venues and financial intermediaries**

Bestinver Securities may have two roles in the execution chain:

- Execution of orders: reception and execution of client orders.
- Reception and transmission of orders: reception of client orders and transmission thereof to another venue to execute them.

Annex A shows the trading venues and Annex B the financial intermediaries for each financial instrument or group of financial instruments that Bestinver

Securities believes systematically enable the best possible result of executing its clients' orders.

Bestinver Securities shall include any additional execution venues and intermediaries it sees fit to achieve the best possible outcome of executing its clients' orders.

## **7.2. Types of order and financial instrument**

Bestinver Securities identifies through the executing firms the different types of order and financial instrument to be able to tailor its operations to its clients' interests.

Order types are identified to establish the order of execution of orders, as per the specific conditions of each transaction, market conditions, products, etc. Any type of market order shall guarantee execution, while limit orders shall guarantee price, provided orders are submitted in normal market conditions.

## **7.3. Order placement and execution**

Bestinver Securities undertakes to process orders quickly and fairly. Orders shall be sent to the intermediary for execution in chronological order, taking into account the outcome of any previous analysis, unless the status of the order or market conditions make this impossible or it is in the client's interests to act otherwise.

Bestinver Securities shall inform clients of any incidents or problems affecting any order. When an issue is detected, notice shall be given as soon as possible, in real time.

Orders shall be placed through the following channels:

- Over the telephone, through the call recording system;
- Using BME Inntech's maX terminal;
- Using IB Chat;
- By email; or
- Using Itiviti's ULTRADER.
- Bloomberg EMSX
- Bloomberg RFQE

Orders will therefore be reliably and unequivocally registered for subsequent verification.



This Best Execution Policy shall not apply to the trading of fixed-income financial instruments when Bestinver Securities acts on its own behalf, executing orders outside a regulated market or multilateral trading facility (OTC). If it acts solely as an intermediary in the trading of fixed-income instrument, Bestinver Securities shall request prices from at least three intermediaries to evaluate the best conditions of execution regarding: price, cost and opportunity to act. The transaction shall be executed with the intermediary offering the best conditions of execution taking into account the circumstances of each transaction.

Bestinver Securities shall consider the following criteria to determine the relative importance of each of the factors in the Best Execution Policy:

- The characteristics of the client including their categorisation as a retail or professional client;
- The characteristics of the order submitted by the client, including the size and nature of the order (limit, market, at best, minimum volume, all or none, fill or kill, hidden volume order);
- The characteristics of the financial instrument in the order; and
- The characteristics of the execution venues or intermediaries to which that order can be directed.

In light of these factors and criteria as well as prevailing legislation, Bestinver Securities considers that the best possible outcome for clients when executing and receiving and transferring their orders will be achieved by primarily adhering to the policies set forth below:

- The best result of transactions on behalf of retail clients shall be determined according to the total consideration, comprising the financial instrument's price and execution costs. Consequently, Bestinver Securities shall send orders to those preferred execution venues and intermediaries that systematically enable the client to receive the greatest total consideration.
- For transactions on behalf of professional clients, the total consideration shall be considered primarily although, depending on the characteristics of the order and financial instruments, the other factors listed in the first paragraph of this section shall also be considered when selecting preferred execution venues and intermediaries. In

the case of large-volume transactions for example, special attention shall be paid to speed, likelihood and security of execution, and settlement.

Consequently, Bestinver Securities shall send orders to those preferred execution venues and intermediaries that systematically enable the client to receive the greatest total consideration and the best outcome regarding the other factors described.

When executing orders or deciding to trade products over the counter, including bespoke products, Bestinver Securities must check the fairness of the price given to the client by gathering market data to estimate the product's price and, where possible, compare the price with the price of similar or comparable products.

Bestinver Securities shall deploy the resources needed to provide the Company with procedures and systems that ensure best execution (best outcome) of the orders placed by clients, in the context established in this Policy.

#### **7.3.1. Fixed-income transactions with counterparties**

Bestinver Securities acts as the principal in transactions with counterparties involving fixed-income securities and shall fulfil the duties of market transparency applicable to it under prevailing legislation and regulations.

#### **7.4. Consideration of specific instructions from a client**

Clients may issue specific instructions on executing an order. Where there are specific instructions from the client on how a transaction is to be executed, Bestinver Securities shall execute the transaction as per these such specific instructions; these instructions will take precedence over the Best Execution Policy set forth in this document. It shall be deemed that this obligation has been filled when Bestinver Securities executes an order or a particular aspect thereof according to the client's specific instructions regarding the order or specific aspect of the order.

It should be noted that any specific instruction from a client about executing their order could impede Bestinver Securities from applying the measures included in this Best Execution Policy to achieve the best possible result from executing the order.

### **7.5. Client order management**

Bestinver Securities shall fulfil the following requirements when executing the orders of its clients:

- When it is responsible for overseeing the executed order, Bestinver Securities shall implement all the necessary measures to guarantee that all the financial instruments or funds received by the client in the order settlement are quickly and correctly allocated to the client's corresponding account.
- It shall not unduly use the information to which it is privy in its clients' un-executed orders and shall take all reasonable steps to avoid the improper use of said information by its relevant persons. In this regard, Bestinver Securities' Internal Rules of Conduct include both the prohibition of the improper use of inside information and other market abuse rules, as well as the establishment of separate areas in the organisation such as intermediation, investment analysis, corporate finance, etc.
- If clients' limit orders involving shares listed on a regulated market are not executed immediately in the prevailing market conditions, Bestinver Securities shall act to facilitate execution as quickly as possible. Unless the client instructs otherwise, Bestinver Securities shall immediately publish a client's limit order to enable other market participants to easily access it. Bestinver Securities shall be deemed to have fulfilled this obligation in the moment it sends clients' limit orders to a regulated market and/or multilateral trading facility.
- It shall quickly execute otherwise comparable client orders in accordance with the time of their reception, unless the characteristics of the order or prevailing market conditions do not allow this, or it is in the client's interests to act otherwise.
- Bestinver Securities shall inform clients of any major hindrance to duly executing orders quickly as soon as any such impediment is known.

## **8. Communication to clients of the Best Order Execution Policy**

Bestinver Securities has established the following stipulations concerning its obligations to provide information on best execution:

### **8.1. Communication and acceptance of the Policy**

Pursuant to prevailing legislation and regulations, Bestinver Securities is required to obtain its clients' acceptance of the terms of the Best Execution Policy before it is applied. Bestinver Securities obtains this consent from its clients through general agreement (by way of a clause in the terms and conditions of business agreed with the client) or for each specific transaction (e.g. including consent in each order).

Bestinver Securities shall inform its clients of the most important aspects of its Best Execution Policy. The following aspects are deemed to be important in this regard:

- An explanation of the relative importance given to each evaluation factor recognised in the rules for selecting the execution venues and financial intermediary with whom to trade, or the process followed to determine the relative importance of said factors;
- A list of the main preferred execution venues and intermediaries selected by financial instrument category;
- The quality of execution of the main execution venues; and
- An advisory regarding the impact clients' specific instructions may have in relation to the Best Execution Policy.

These four pieces of information and a succinct description of the general principles of the Best Execution Policy shall be known as the summarised version of the Best Execution Policy.

Clients shall be informed of any material changes to the Best Execution Policy in such a way that proof of delivery and acceptance can be obtained.

The full version of the Best Execution Policy shall be available to clients online.

Clients may ask for evidence that their orders have been executed in accordance with this Best Execution Policy.

Bestinver Securities shall respond to such requests by providing information proving that the transaction has been channelled through the execution venue/intermediary defined in the Best Execution Policy.

**9. Annual disclosure of the top five execution venues and financial intermediaries**

Bestinver Securities shall determine and publish annually for each type of financial instrument, the top five execution venues and top five financial intermediaries, in terms of trading volume, through which client orders were executed and to which orders were transferred for execution in the previous year, along with information of the quality of execution achieved. This information must be as stipulated in Commission Delegated Regulation (EU) 2017/575 of 8 June 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments with regard to regulatory technical standards concerning the data to be published by execution venues on the quality of execution of transactions. This obligation applies to orders of retail and professional clients but not to those of eligible counterparties.

If requested by a client, Bestinver Securities shall provide details of the execution venues and firms to which orders are transferred for execution.

**ANNEXES**

**A. Execution venues – Bestinver Sociedad de Valores, S.A.**

| FINANCIAL INSTRUMENT | EXECUTION VENUE                                    |
|----------------------|--|
| SPANISH EQUITIES     | BOLSA DE MADRID, SPAIN (XMAD)<br>BME GROWTH (MABX) |

**B. Intermediaries – Bestinver Sociedad de Valores, S.A.**

- BANCO SANTANDER S.A- LEI: 5493006QMFDDMYWIAM13
- BANKINTER S.A- LEI: WMYAEQSTOPNV0SUGU82
- KEPLER CAPITAL MARKETS- LEI: 9695005EOZG9X8IRJD84
- MORGAN STANLEY BANK AG- LEI: 4PQUHN3JPFGFNF3BB653
- VIRTU FINANCIAL LLC- LEI: 213800EEC95PRUCEUP63
- INTERMONTE SIM
- JONES TRADING
- VELOCITY CLEARING
- JANE STREET
- OLD MISSION
- SUSQUEHANNA INTERNATINAL
- CITADEL SECURITIES INTERNATIONAL
- GOLDENBER HEHMEYER
- FLOW TRADERS AMSTERDAM
- OPTIVER HOLDING B.V.
- DRW INVESTMENTS
- SOCIETE GENERALE