

**ORDER EXECUTION POLICY (BEST EXECUTION)**

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## 1. Introduction

1.1 The Board of Directors of North-East Family Office Fondsmæglerselskab A/S (the “**BoD**” and the “**Company**” respectively) has adopted this policy on order execution (the “**Policy**”) and have herein defined and outlined the guidelines for the Company's execution of orders, including securing Best Execution (as defined below).

## 2. Purpose

2.1 The Company strives to create the best framework for its clients. The Policy sets out the guidelines that the Company has established in order to ensure Best Execution.

2.2 Furthermore, reference is made to (a) the Company's written procedures for receiving and transmitting the client's orders (in Danish: *forretningsgang for modtagelse og formidling af kundens ordrer*) and (b) the Company's written procedures for discretionary portfolio management (in Danish: *forretningsgang for skønsmæssig porteføljepleje*).

## 3. Definitions

3.1 “**Likelihood of settlement**” (in Danish: *afregningssandsynlighed*) means the likelihood of a transaction being carried out at the stated price.

3.2 “**Best Execution**” is defined as an obligation for the Company and/or its business partners to take all reasonable measures to obtain, as the case may be, the best possible result for the Company's clients through the Execution (as defined below) of an order taking into account price, cost, speed, likelihood of execution and settlement, size, nature and any other considerations relevant to the execution of the order.

3.3 “**Execution**” means:

- a) a trading process whereby the Company receives a trading instruction from one of the Company's clients, which the Company transmits to a third party; or
- b) a trading process whereby the Company issues a trade order to a third party in connection with the Company's discretionary management of a client's portfolio. This includes, but is not limited to, stock and bond trades, currency trades (spot and futures trading), trading in stock market futures and options, and interest rate derivatives.

## 4. Clients

4.1 The Company only serves “professional clients”.

## 5. Securing Best Execution

5.1 The Company is not authorized to execute orders directly. This means that the Company executes all orders via a trading partner (the “**Trading Partner**”). The Company is at all times responsible for ensuring compliance with this Policy, even if an order Executed by transmitting the order to a Trading Partner.

5.2 Orders are always Executed in compliance with the provisions on Best Execution in the Policy and applicable legislation.

- 5.3 When Executing orders, it will always be sought to achieve the best possible result for the Company's clients.
- 5.4 If the Company receives a specific instruction from a client, the Company is obligated to Execute the order in accordance with the client's instructions. A specific instruction from the client can thus prevent the Company from fulfilling its obligation to secure Best Execution, as such instruction may limit the Company in choosing the form, location, time and price of Execution.
- 5.5 The Company provides Best Execution based on an assessment of the following:
- a) The characteristics of the client, including the client's set-up of accounts, deposits and the client's classification as a professional client.
  - b) The characteristics of the order.
  - c) The characteristics of the financial instruments comprised by the order.
  - d) The characteristics of the Execution Venues (as defined in Section 7 below) to which the order can be addressed.
- 5.6 When Executing an order, the Company assesses which Trading Partner will be best suited to Execute the order in question, cf. 7.2, after which the Company and transmits the order to the selected Trading Partner together with any specific requirements to the Execution of the order, thereby ensuring Best Execution. When a Trading Partner has completed the transaction, the Trading Partner has an obligation to provide the Company with documentation that the Trading Partner provided Best Execution. The Company carries out random checks of the documentation provided.
- 5.7 If the Company outsources (a part of) its mandate to exercise discretionary portfolio management for a one or more of its clients to a third party (the "**Third Party**"), the Company ensures that the Third Party has implemented satisfactory guidelines for Best Execution by (a) reviewing the Third Party's Best Execution policy, and (b) including an obligation in the outsourcing agreement entered into between the Company and the Third Party for the Third Party to regularly report on the provision of portfolio management services to the Company's client(s).

## **6. Simultaneous transactions**

- 6.1 When the Company Executes orders for several clients simultaneously, financial instruments are allocated according to pro rata distribution for all simultaneous transactions. The Company can pool a client's order with other clients' orders, where it is unlikely that this pooling of orders will be to the detriment of the clients. Where orders are traded together, distribution will be made pro rata at the market price.

## **7. Trading Partners and Execution Venues**

- 7.1 The Company uses a number of Trading Partners to ensure Best Execution. The Company annually publishes an overview of the most used Trading Partners on the Company's website.
- 7.2 A number of factors are taken into account when selecting Trading Partners, including:
- a) **The placing of client custody accounts** for speed and trading costs.

- b) **Speed and likelihood** of Execution of orders.
- c) **Access to and knowledge of** the respective markets.
- d) **Administrative set-up** - including documentation for Best Execution.
- e) **Trading process** - including process for securing Best Execution.

7.3 The Company executes a client's orders in one of the following execution venues ("**Execution Venues**"):

- a) a regulated market;
- b) a multilateral trading facility (MTF); or
- c) the OTC market.

7.4 Transactions made on the OTC market are only Executed with the client's prior consent. The Company has obtained the consent of each individual client to Execute trades in the OTC market in the agreement on discretionary portfolio management entered into between the Company and each client.

7.5 The Execution Venues are selected based on the Company's and its Trading Partners' experience with the Execution Venues and their ability to ensure Best Execution.

7.6 Financial instruments are generally traded at the Execution Venues at which the financial instruments in question are listed and where there is the greatest liquidity in the financial instrument. Unlisted financial instruments, such as OTC derivatives, are traded on the OTC market.

## **8. Reporting to the Board**

8.1 The BoD must be informed at the next board meeting when the Policy cannot or has not been complied with. The Risk Manager informs the BoD in its reports.

## **9. Publication of Trading Partners and the Policy**

9.1 The latest version of the Policy must at all times be available on the Company's website.

9.2 The executive board (in Danish: *direktionen*) shall ensure that, for each class of financial instruments, a summary of the Company's top five Trading Partners, measured in terms of trading volume, is published on the Company's website annually together with information on the quality of Execution. The information must be published no later than at the end of the first annual quarter of the following year. The format is shown in **Annex 1**.

## **10. Managing requests for Best Execution reports**

10.1 If the Company receives a request from a client to report on Best Execution, the Company is obligated to comply with such a request.

## **11. Control**

11.1 The Company regularly, and at least once a month, assesses whether arrangements are in place that secure Best Execution as set out in this Policy. In order to ensure this, the Company monitors, on a monthly

basis, that the Trading Partners provide their services at prices that reflect the average prices in the market.

11.2 To the extent, that the Company has outsourced (a part of its) services to third party portfolio managers, the Company must ensure that it receives quarterly statements from the portfolio manager confirming compliance with MiFID II, including the Best Execution requirement. The Company must ensure that the quarterly statements are supplemented by annual statements including adequate documentation, which the Company examines randomly.

11.3 Furthermore, it is checked on a continuous basis that orders are carried out in accordance with the Policy.

## 12. History

Version	Legal basis	Approved	Changes
1.0	Executive order on securities dealers' execution of orders & executive order on investor protection (in Danish: <i>Bekendtgørelse om værdipapirhandleres udførelse af ordrer og investorbeskyttelsesbekendtgørelsen</i> ).	In connection with the application for license as portfolio management company (in Danish: <i>fondsmæglersekskab</i> ).	First draft.
2.0	Do.	26 September 2017.	The BoD has made a number of changes to the Policy to clarify a number of issues regarding the Company's Best Execution.
3.0	Executive order on securities dealers' execution of orders (in Danish: <i>Bekendtgørelse om værdipapirhandleres udførelse af ordrer</i> ) and the Commission's delegated regulation 2017/565 (in Danish: <i>Kommissionens delegerede forordning 2017/565</i> ).	21 December 2017.	Changes in the light of MiFID II, including clarification of the Trading Partner selection process, strategy for achieving Best Execution and publication of Top five Trading Partners.
4.0	Do.	15 November 2018.	Section 10 added.
5.0	Do.	12 June 2019	Changes based on a memorandum on Best Execution prepared by The Financial Compliance

**NORTH  
—EAST  
FAMILY  
OFFICE**  
ASSET MANAGEMENT

			Group.
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**Annex 1**

Template for publication of the Company's top five Trading Partners:

Class of instrument					
Average trade per business day per year is less than one.	Yes/no.				
Top five Execution Venues ranked in terms of trading volumes (decreasing order).	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders.	Percentage of directed orders.
Name & Venue identifier (MIC or LEI)					
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Commission delegated regulation 2017/576, Annex II, table 2.

**Definitions:**

- a) **Aggressive order:** When a Trading Partner executes a purchase/sale order without waiting for a specific trading price.
- b) **Directed order:** Where a specific Execution Venue was requested by the client prior to the execution of the order.
- c) **LEI:** A Legal Entity Identifier (LEI) is a 20-digit number that uniquely identifies a legal entity involved in financial market transactions across markets and legal systems. A LEI can be issued to any legal entity. Branches or business entities that are not independent legal entities must initially use the parent's LEI. Individuals cannot get a LEI.
- d) **MIC:** Market Identifier Code.
- e) **Passive order:** An order is passive when a Trading Partner waits for a specific trading price before purchase/sale.