



THEMATICS

asset management

POLICY FOR INTERMEDIARIES AND COUNTERPARTIES SELECTION AND ORDER EXECUTION

Owner entity

Thematics Asset Management

Policy supervisor – name and title	Managing Director Compliance & Internal Control Officer
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Relevant laws & regulations

Portfolio management companies that manage assets under investment mandates are required to observe the “best selection/best execution” provisions of some the MiFID2 directive and regulation.

The so-called “MiFID2 texts” consist of:

- Level 1 texts: the MiFID2 directive and the MiFIR regulation;
 - Directive 2014/65/EU (MiFID2) of the European Parliament and Council of 15 May 2014 on markets in financial instruments: Articles 24 (1) and 27;
 - Regulation (EU) No. 600/2014 of the European Parliament and Council of 15 May 2014 on markets in financial instruments (the “MIFIR Regulation”): Article 26.
- Level 2 texts: delegated regulatory provisions that supplement the MiF2 directive and the MiFIR regulation;
 - Delegated regulation of 25/04/2016: Articles 64 to 66
 - Delegated Regulation (EU) 2017/575
 - Delegated Regulation (EU) 2017/576 (annual publications on execution venues and quality of execution)
 - Delegated Regulation (EU) 2017/565
 - Delegated Regulation (EU) 2017/567

French provisions:

- Provisions of delegated directive 2017/593 transposed into the AMF Règlement Général for portfolio management companies engaged in collective investment management: Articles 321-110 to 321-114
- MiFID2 Directive provisions transposed for investment firms (IE) in the French Code Monétaire et Financier (Monetary and Financial Code): L.533-11; L533-18; L.533-18-1 and L533-18-2, L. 533-22-2-2

Additional information:

- Requirements for the publication of the five best execution venues pursuant to MiFID 2 supplements Position Recommendation DOC-2014-07.

- The Portfolio Management Companies MiFID2 Guide. Fact Sheet No. 10 on Best Execution, Best Selection and Reporting indicates the main laws and regulations that apply to asset management companies.

Final Report ESMA's Technical Advice to the Commission on MiFID II and MiFIR - Recital 97; Article 27

Scope

Thematics Asset Management

Legal status and regulatory framework

Thematics Asset Management is a portfolio management company whose main business activity is collective asset management. It is also authorised to engage in discretionary asset management and investment advisory activities.

In respect of its discretionary management activities, Thematics Asset Management is subject to the "best execution and best selection" requirements of the MiFID2 Directive.

Customer scope

This policy applies to Thematics Asset Management's professional and non-professional clients within the meaning of MiFID2.

Policy review and availability

This policy will be reviewed in the event of a material change in order execution arrangements or policy.

Pursuant to Article 321-113 of the Règlement Général of the Autorité des Marchés Financiers ("AMF RG"), this policy is reviewed annually and may be modified without notice at any time.

It is available on the Thematics Asset Management website at www.thematics-am.com

The documents that are used to present the annual review of the present policy must be retained for at least five years.

The best-selection principle

When managing a collective portfolio, an asset management company has an obligation to act in the fund's best interests¹. Observing the principle of the best selection of intermediaries² will enable the asset management company to obtain the best possible results for its clients when transmitting orders on behalf of the portfolios it manages to duly authorised intermediaries.

A "best selection" obligation is also imposed on management companies which provide discretionary investment services.

Thus, when a management company transmits to a third party the orders resulting from its management decisions, it is required to take all "sufficient" measures to obtain the best possible result.

All orders are entrusted to Natixis Asset Management Finance (NAM FINANCE), in its capacity as an intermediary, for execution by a selected broker.³

In accordance with the Markets in Financial Instruments Directive ("MiFID 2") and the provisions transposed into the AMF Règlement Général, this policy describes Thematics Asset Management's general organisation and the basic principles it generally observes when selecting intermediaries and also when executing orders directly for its collective investment management activity.

¹ AMF RG 321-114: When transmitting for execution to another entity an order that is the result of its decision to trade in a financial instrument on behalf of a fund it manages, the portfolio management company shall comply with the obligation to act in the best interest of this fund, pursuant to Article 321-100.

²Thematics AM has implemented an accreditation procedure for selecting the intermediaries to which it submits orders for execution.

³ NAM FINANCE selects brokers on the basis of their prices and the quality of their order processing, from Thematics AM's list of authorised counterparties/brokers as determined from the accreditation process. Execution counterparties must comply with the "Best Execution" principle of MiFID2.

BACKGROUND

European Directive 2014/65/EU (MiFID2), which came into force on 3 January 2018, has introduced changes in the area of **investor protection**.

MiFID II and the AMF RG⁴ **reinforced** the obligation to obtain **the best possible result** when executing client orders. Asset management companies now have an obligation to employ any **measures that are “sufficient”** to obtain the best possible result for their clients.

In accordance with the requirements of MiFID2, the purpose of this document is to specify the scope and conditions of application of the "**Best Selection**" and "**Best Execution**" policy that Thematics Asset Management has implemented to meet its obligation to **obtain the best possible result**.

The asset management company must regularly check that this policy is effective and in particular the quality of execution of the entities it has selected pursuant to this policy.

1. THE BASIC PRINCIPLES ADOPTED BY THEMATIC ASSET MANAGEMENT

As a professional asset manager, Thematics Asset Management has an obligation to serve its clients with complete independence and in their exclusive interest.

Pursuant to the Markets in Financial Instruments Directive ("MiFID2"), Thematics Asset Management has adopted the following guiding principles:

- Respect for the integrity, transparency and security of financial markets
- Compliance with all applicable regulations and with professional rules of good conduct
- Put the client's interests first

This policy applies to the portfolios that Thematics Asset Management manages directly and does not apply to portfolios it delegates to other asset managers.

It is reviewed annually and may be modified at any time without prior notice.

⁴ RG Article 321-114: When transmitting for execution to another entity an order that is the result of the portfolio management company's decision to trade in a financial instrument on behalf of a fund it manages, the portfolio management company shall comply with the obligation to act in the best interest of this fund, pursuant to Article 321-100.

This document is also available on request, please contact Thematics Asset Management by email at contact@thematics-am.com or by letter at:

THEMATICS ASSET MANAGEMENT
43, Avenue Pierre Mendès France
75013 Paris, France

This policy applies to Thematics Asset Management's professional and non-professional clients within the meaning of MiFID2.

2. COUNTERPARTY SELECTION POLICY

In compliance with the MiFID2 directive on Markets in Financial Instruments Directive, Thematics Asset Management has implemented an organisation for order transmission and execution that seeks to obtain **the best result for its clients**.

Thematics Asset Management has opted for professional client status vis-à-vis its intermediaries and counterparties.

This section describes the two procedures that Thematics Asset Management uses to select counterparties that will enable the best possible result for its clients.

Thematics Asset Management entrusts its orders to NAM FINANCE in its broking activity.⁵

Thematics Asset Management sends its orders to buy or sell financial instruments to NAM FINANCE.

The expertise of an external counterparty enables us to best serve the interests of our clients and obtain the best result. NAM FINANCE is an authorised intermediary and has the appropriate tools and processes. Its infrastructure enables it to process orders in the best interest of its clients and therefore in that of Thematics Asset Management's clients. NAM FINANCE operates in complete independence and given the volume of orders it handles is able to obtain the best prices and reduce operational risk.

NAM FINANCE is a subsidiary of Natixis Investment Managers International

⁵ NAM FINANCE has an execution policy. Thematics Asset Management has set up an ongoing control system for monitoring this policy and verifying that it is complied with (section V).

Thematics Asset Management may, at any time, request that NAM FINANCE treat it as a non-professional client and thus be entitled to a high level of protection. As a non-professional client, the main selection criterion would be the total cost, which is the price of a financial instrument or contract plus all related execution costs.

Thematics Asset Management reserves the right to instruct NAM FINANCE to execute specific types of orders, such as market-on-close orders, combination orders and orders that are subject to specific constraints.

Counterparty accreditation process

The best selection of intermediaries is made from a list of authorised counterparties that Thematics Asset Management has validated.

The counterparty selection process is subject to specific rules and formal requirements that include application for accreditation, documentation of the entire process and review of the counterparty at least annually and when an event occurs that could result in the counterparty's suspension or possibly removal from the list of accredited counterparties.

3. EXECUTION POLICY

3.1. Thematics Asset Management

Thematics Asset Management's execution policy is based on the following principles:

- **Client instructions**

If a client provides instructions in respect of an intermediary's organisation or selection, Thematics Asset Management cannot ensure that the client will obtain the best possible order execution.

Similarly, if Thematics Asset Management gives specific instructions to NAM FINANCE the latter's priority will be to comply with these instructions and in doing so it may be relieved of its best execution / best selection obligations.

- **Authorised counterparties**

Over-the-counter market orders will be entrusted to a counterparty that has been approved by Thematics Asset Management.

- **Scope**

The execution policy applies to all financial instruments that are subject to MiFID II.

- **Order allocation and allotment**

Thematics Asset Management does everything reasonably possible to ensure that all financial instruments are rapidly and correctly allocated to the appropriate portfolio.

Thematics Asset Management pre-allocates its orders before they are issued. As soon as it is notified that an order has been executed, it informs the depository / custody account keeper of the order beneficiary(ies).

3.2. Natixis Asset Management Finance

- **Main execution venues for orders entrusted to NAM FINANCE**

Thematics Asset Management sends its orders to NAM FINANCE which, having its own execution policy, may use a variety of execution venues (see Appendix 2) to provide the best selection of intermediaries and the best execution.

The main types of execution venues that NAM FINANCE uses are:

- Regulated markets (via a Client-approved intermediary)
- Multilateral Trading Systems
- The over-the-counter market (with a Client-approved counterparty).

Thematics Asset Management authorises NAM FINANCE to execute orders other than on a regulated market or a multilateral trading facility. The OTC market is exposed to counterparty risk and does not have an order book system.

The list of execution venues selected by NAM FINANCE or trading platforms on which NAM FINANCE may execute orders is provided in Appendix 2.

- **Selection criteria**

The selection and execution criteria that NAM FINANCE uses to determine the transmission and execution of Client orders are shown in Appendix 3 (“Selection criteria”):

- **Execution costs**

The monitoring of intermediary fees includes regular checking of execution costs, i.e. brokerage fees. This includes the amount that is paid to NAM FINANCE.

NAM FINANCE has its own Best Execution / Best Selection Policy, of which Thematics Asset Management is informed.

4. POLICY’S EFFECTIVENESS REVIEW

The documents that are used to present the annual review of the present policy must be retained for at least five years.

Thematics Asset Management regularly checks⁶ whether the execution arrangements provided for in this policy achieve the best possible result for the client or whether it needs to make changes to these arrangements.

The assessment of best execution and/or best selection does not necessarily apply to individual transactions (i.e. on a line-by-line basis) but takes all transactions over a given period into account.

To substantiate best execution, NAM FINANCE provides Thematics Asset Management with reports and other information on the orders it executes.

For example, NAM FINANCE provides Thematics Asset Management with the following reporting information:

1. The monthly Cash Equity activity dashboard, which indicates the fees paid to brokers
2. Monthly “intermediation” statistics on order allocation to brokers by type of financial instrument

⁶ Pursuant to Article 321-114 V, the portfolio management company must regularly check that the policy implemented pursuant to section IV is effective, and in particular monitor the quality of execution of the entities selected in accordance with this policy.

3. The annual Broker Voting Report
4. The half-yearly Transactions Cost Analysis Report
5. A description of all substantial modifications to its policy and an annual presentation of the policy.

Thematics Asset Management has implemented measures to monitor intermediaries / counterparties and to conduct an annual review of the intermediaries / counterparties it has selected.

A review is also conducted whenever a significant change may compromise the ability to ensure the best possible result for its clients.

This monitoring is mainly assured by the following two committees, which were set up by Thematics Asset Management's Internal Control department and meet every six months:

- The Operational Management Committee. The members of this committee are the heads of Thematics Asset Management's AM departments, the Managing Director and the person in charge of NAM FINANCE's dealing desk;
- The Controls Committee, which is led by Thematics Asset Management's Internal Control staff.

Thematics Asset Management then undertakes measures to correct any deficiencies observed.

5. MIFID2 REGULATORY INFORMATION

- I. **Information on the orders which Thematics Asset Management has entrusted to Natixis Asset Management Finance within the scope of its intermediation activity (i.e. reception and transmission of orders 'RTO' on behalf of third parties)**
 - Appendix 2: Execution venues - Natixis Asset Management Finance⁷
 - Schedule 3: Selection criteria - Natixis Asset Management Finance
- II. **Information on NAM FINANCE's general intermediation service system is available at the link below.**

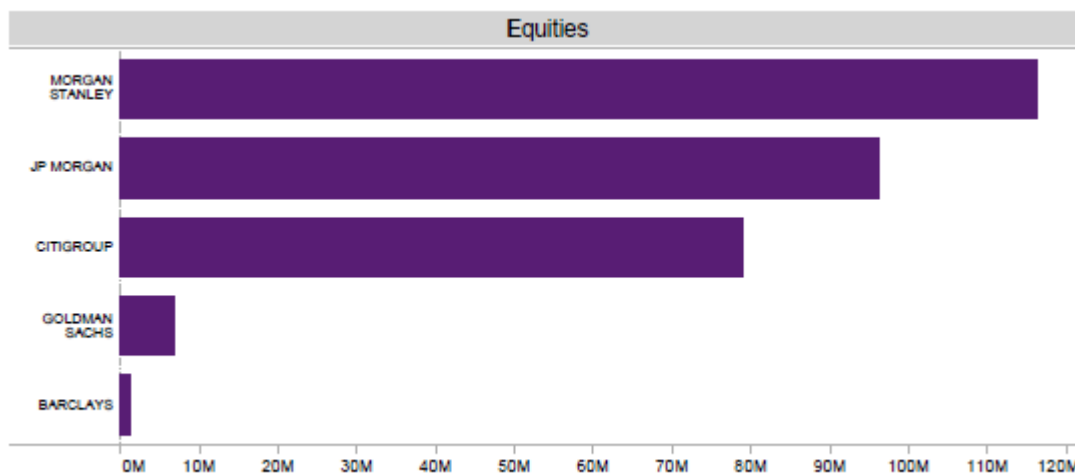
⁷ Natixis Asset Management Finance publicly reports its five main execution venues for the reception and transmission of orders for third parties.

- Annual report on the five main execution venues
- BEST EXECUTION/BEST SELECTION" policy, including "List of Counterparties" appendix

Natixis Asset Management Finance's Best Execution, Best Selection policy and the annual reports of the five main execution venues are available on its website at:
<https://www.tradex-solutions.natixis.com/fr>

6. SCHEDULES

6.1. Appendix 1: Thematics AM - The five most used counterparties in 2019 – by decreasing volume



Source: Natixis TradEx Solutions for Q4 2019

Intermediaries for Equities and Equivalent Instruments orders are mainly selected on the basis of price, cost and order size, regardless of the instrument’s liquidity, i.e. whether it is listed or not.

6.2. Appendix 2: NAM FINANCE - Execution venues⁸

Venues where the orders of NAM FINANCE clients may be executed by a broker selected by Thematics Asset Management, and trading platforms that NAM FINANCE may use for order execution.

- Main Markets:
 - NYSE Euronext UNITED STATES
 - NYSE EURONEXT BRUSSELS
 - NYSE EURONEXT LISBON
 - NYSE EURONEXT AMSTERDAM
 - NYSE EURONEXT PARIS
 - WIENER BOERSECYPRUS SE
 - PRAGUE SE
 - OMX NORDIC EXCHANGE COPENHAGEN
 - NASDAQ OMX TALLINN
 - NASDAQ OMX HELSINKI
 - XETRA
 - ATHENS EXCHANGE
 - BUDAPEST SE
 - IRISH SE
 - TEL AVIV SE
 - ELECTRONIC SHARE MARKET NASDAQ OMX RIGA
 - NASDAQ OMX VILNIUS
 - OSLO BORS
 - WARSAW SE
 - MOSCOW EXCHANGE JOHANNESBURG SE
 - BOLSA DE MADRID
 - NASDAQ OMX NORDIC
 - SIX / SWISS EXCHANGE
 - AMERICAN STOCK EXCHANGE
 - ISTANBUL SE
 - LONDON SE
 - TORONTO SE
 - SAO PAULO SE
 - COLOMBIA SE
- Lit MTF
 - BATS
 - Chi-X
 - Turquoise
 - Burgundy
- Dark MTF
 - ITG POSIT
 - Chi-Delta
 - BATS Dark
 - Turquoise MidPoint
 - Instinet BlockMatch
 - UBS MTF
 - GS SigmaX MTF
 - KC BLINK MTF
 - CitiMatch
- Dark BCN
 - CS CrossFinder
 - DB SuperX
 - MSPool
 - JPMX
- MTF / Electronic trading systems
 - Tradeweb
 - MarketAxess
 - Bloomberg (TSOX)
 - Fx All
 - Equilend/Bondlend
 - RFQ HubF
 - Triton
 - Liquidnet

⁸ This list is not exhaustive – March 2018

6.3. Appendix 3: NAM FINANCE - Selection Criteria⁹

The table below shows the criteria for intermediary selection and client order transmission and execution.

- Price: the price of the financial instrument
- Cost: price and broker fee
- Probability of execution and settlement: reflects the risk that an order may not be executed in its entirety and/or that post-trade settlement may be impossible
- Speed: once an order is received, the time it takes to confirm its essential characteristics and execute the order on the market
- Order size: reflects the risk that a large order may adversely affect the market and that a strategy may be necessary to address this risk
- Order or instrument type: this mainly concerns the following situations:
 - A specific order instruction has priority over default execution criteria.
 - An investment/divestment strategy that involves several instruments requires an order execution strategy that aims for the best overall result and not for the best result for an individual instrument.
 - The preparation of legal documentation (generally the ISDA Master Agreement) and the arrangement of bilateral credit lines (for clients) are the two prerequisites for OTC contracts. The competence and speed of potential counterparties in this area is crucial.

Natixis TradEx Solutions uses the following criteria to determine the relative importance of the execution factors when executing client orders:

- the order's characteristics, such as its impact on the market.
- the characteristics of the financial instruments traded: such as their liquidity, geographical area or economic sector.
- the characteristics of the execution venues to which the order may be routed.
- the characteristics of its clients.

The table below shows the weight of each order-execution factor in determining the measures that are sufficient to achieve the best possible result for the client.

⁹ March 2018

Asset class	Execution venues	Factor 1 Price	Factor 2 Cost ¹	Factor 3 Execution speed	Factor 4 Probability of execution and settlement	Factor 5 Order size	Factor 6 Order type
Equities	<ul style="list-style-type: none"> ▶ Multilateral trading platforms² ▶ Systematic internalisers ▶ Market maker ▶ Other liquidity providers 	1	1	2	2	1	2
Listed index-tracking products	<ul style="list-style-type: none"> ▶ Multilateral trading platforms ▶ Systematic internalisers ▶ Over the counter 	1	1	2	2	1	2
Convertible bonds	<ul style="list-style-type: none"> ▶ Multilateral trading platforms ▶ Over the counter ▶ Systematic internalisers 	1	0	1	2	1	2
Debt instruments	<ul style="list-style-type: none"> ▶ Multilateral trading platforms ▶ Systematic internalisers ▶ Over the counter 	1	0	1	2	1	2
Currency (FX, spot)	<ul style="list-style-type: none"> ▶ Multilateral trading platforms ▶ Over the counter 	1	0	1	2	1	2
Listed derivatives	<ul style="list-style-type: none"> ▶ Multilateral trading platforms ▶ Over the counter ▶ Systematic internalisers 	1	3	1	1	1	2
Credit derivatives	<ul style="list-style-type: none"> ▶ Multilateral trading platforms ▶ Over the counter ▶ Systematic internalisers 	1	0	1	2	1	2
Swaps and forwards (Interest-rate and currency derivatives)	<ul style="list-style-type: none"> ▶ Multilateral trading platforms ▶ Over the counter ▶ Systematic internalisers 	1	0	2	2	2	2
Primary market	<ul style="list-style-type: none"> ▶ Market maker ▶ Other liquidity providers 	0	0	0	1	0	0
Securities financing transactions (repos, lending & borrowing)	<ul style="list-style-type: none"> ▶ Multilateral trading platforms ▶ Intermediaries and counterparties 	1	0	0	2	2	2

- **Rating:** 1 (essential), 2 (important), 3 (take into consideration), 0 (not applicable)

¹The cost criterion is assessed solely on the basis of the information that is available to NAM Finance. Such as broker fees, for example. However, the costs of processing a transaction (e.g. by the Middle Office or the client's custodian, and the associated taxes) for which NAMFi has no information cannot be taken into account in the allocation decision. To reduce the tax impact of a same-day buy/sell transaction, a specific broker will only be selected if the broker is specified in the client's instruction.

²Multilateral Trading Platforms: Regulated markets (RM), organised trading facility (OTF) and multilateral trading facility (MTF).

6.4. Appendix 5: Glossary

Term	Definition	Source
Brokers	Brokers are market intermediaries who are authorised to trade financial assets on a regulated market on behalf of their clients. An asset management company's trader expects brokers to offer the best possible terms and conditions for the execution of their orders.	AFG www.afg.asso.fr
Dark MTF	An alternative execution venue, such as an OTC market	Ostrum Asset Management
Dark pool	This term is generally used to refer to trading systems that operate with no pre-trade transparency.	AMF www.amf-france.org
EMTN	Euro Medium Term Notes These are listed debt securities that are issued under an issuance program.	Ostrum Asset Management
Formula funds	Collective investment schemes (either FCP or SICAV funds) that offer, over a specified period, a potential return that depends on the performance of one or more underlying assets, such as a basket of equities or a stock index. When the fund reaches its term, a formula is used to calculate its redemption value. These funds guarantee either a specified return, the return of the principal invested, or a combination of both. They are also sometimes known as "structured funds". Formula funds must be approved by the AMF.	AMF www.amf-france.org
Futures	A forward transaction between a buyer and a seller on an organised market. A futures contract represents a commitment to buy (for the futures contract buyer) and to sell (for the seller) an underlying asset (e.g. an equity, bond, foreign currency, commodity or stock index) for delivery and settlement at a future date that is specified in the contract. Futures offer no capital guarantee. They are intended for knowledgeable investors.	AMF www.amf-france.org
Index	A stock market index measures changes in share prices of a sample of listed companies. It represents the general trend of a market, economic sector or category of companies. Euronext Paris SA calculates several stock indices, such as the SBF 120 and the CAC 40.	AMF www.amf-france.org
Systematic internalisation	Systematic internalisers are providers of investment services that execute the orders of their clients themselves by matching their "buy" and "sell" orders in an organised, habitual and systematic manner. Internalisers are subject to the provisions of Articles L.425-1 and subsequent of the French Monetary and Financial Code and of Article 531-1 and subsequent of the AMF's General Regulations.	AMF www.amf-france.org
Multilateral Trading Facility (MTF)	A facility that is not a regulated market but enables multiple buyers and sellers of financial instruments (e.g. equities, bonds and derivatives) to trade in these instruments. An MTF may be managed by an approved provider of investment services or by a market undertaking. It is supervised by regulatory authorities (the AMF in France, in collaboration with the ACPR), which validate the MTF's rules and make sure they are observed. The main difference between an MTF and a regulated market is that the latter generally provides more information to investors.	AMF www.amf-france.org
Regulated market (via a client-approved intermediary)	An IT platform, exchange or system that is managed by a market undertaking and which enables multiple buyers and sellers of financial instruments (e.g. equities, bonds and derivatives) to trade in these instruments. Regulated markets are closely supervised by regulatory authorities (the AMF in France, in collaboration with the ACPR), which validate the regulated market's rules, make sure they are observed and monitor the information that is provided to investors.	AMF www.amf-france.org
Over-the-counter (OTC)	An OTC derivative or OTC contract is one that is not traded on a regulated market (as defined under Article 4, section 1, point 14 of Directive 2004/39/EC) or on a market of a third-party country that is considered to be equivalent to a regulated market. pursuant to Article 19, section 6 of this directive.	EMIR (EU REGULATION No. 648/2012 OF THE EUROPEAN PARLIAMENT AND COUNCIL of 4 July 2012)

Par value	The value of a security when it is issued. In the case of a bond, the par value is the total amount of the bond issue divided by the number of bonds issued. Although it may be as low as one euro, some issues have nominal values of €100 and even €100,000.	AMF www.amf-france.org
Option	A financial instrument that gives an investor the right to purchase (call option) or sell (put option), at a specified date, an equity, bond, foreign currency for another financial asset at a predetermined price. An option is a relatively risky financial product.	AMF www.amf-france.org
Underlying	An equity, bond or other financial asset from which an investment derives its value. The value of the investment depends on the value of the underlying asset.	AMF www.amf-france.org
Market maker	A legal entity that maintains a continuous presence in financial markets and which buys and sells financial instruments for its own account, with its own capital and at a price it determines.	DIRECTIVE 2014/65/EU OF THE EUROPEAN PARLIAMENT AND COUNCIL OF 15 MAY 2014
Securitisation	A financial technique that enables financial institutions to convert their loans to companies or individuals into negotiable securities.	Ostrum Asset Management
investor	A measure of the extent of changes in the price of a financial asset. It quantifies the risk of a financial asset. When volatility is high, the potential gain is generally higher but so is the risk of loss.	Ostrum Asset Management