VICTORY ASSET MANAGEMENT S.A.

BEST EXECUTION POLICY

Manual of Procedures – Chapter XV		
Best Execution Policy		
Drafted by:	Robin Vandekerkove	Date: October 30th, 2018
Recipients:	Victory AM's staff members	Entry into force:

The members of the Board of Directors of the Company, by unanimous consent, agree on the content of the Best Execution Policy in its version of October 30th, 2018, and confirm its enforcement as of the date of signature.

Luxembourg, November 14th, 2018

M Eric Sauzedde
(Président)

S.A.R. Prince Guillaume de Luxembourg
(Administrateur)

M Philippe Cerf
(Administrateur)

M Jean-Philippe Hottinger
(Administrateur)

M Jean-Conrad Hottinger
(Administrateur)

1. Introduction

Victory Asset Management is a public limited company incorporated from October 5th, 2006 and governed by the laws of the Grand Duchy of Luxembourg.

Victory Asset Management S.A. is supervised by the *Commission de Surveillance du Secteur Financier* ("CSSF") as a management company governed by chapter 15 of the law of 17 December 2010 relating to Undertakings for Collective Investments, and of the law of 12 July 2013 on Alternative Investment Fund Managers.

Two undertakings for collective investment are under the management of Victory Asset Management S.A.: BOLUX S.A. which is a SICAV « part I » has a European passport, and ELEUSIS which is a SICAV « part II ». Since September 2018, Victory Asset Management S.A. also manages a restricted alternative investment funds which is "Lucelen AIF".

Moreover, in accordance with the article 101 of the Law of December 17th, 2010, Victory Asset Management S.A. provides investment advisory services, individual and discretionary portfolio management services in respect to a number of separately managed accounts (the "Mandates"). The Funds and Mandates are hereafter jointly referred to as the "Portfolios".

Victory Asset Management S.A. is referred in this policy as the "Company".

This Policy is designed with a view to comply with the requirements set out in:

(i) the Law of 17 December 2010 relating to undertakings for collective investment (the "UCI Law");

(ii) the CSSF Circular 18/698 of August 23rd, 2018 relating to the authorization and organization of the Investment Fund Managers ("IFM") of the Luxembourg Law and to the specific arrangements regarding the fight against ML/FT applicable to the IFM and entities exercising the Registrar Agent function (the "CSSF Circular 18/698");

(iii) the CSSF Regulation 10-4 of December 20th, 2010, transposing Commission Directive 2010/43/EU of July 1st, 2010 implementing Directive 2009/65/EC of the European Parliament and of the Council, as regards organizational requirements, conflicts of interest, conduct of business, risk management and content of the agreement between a Depositary and a Management Company (the "CSSF Regulation 10-4");

(iv) the European Commission Delegated Regulation (EU) Nr 231/2013 of December 19th, 2012, supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision (the "CDR 231/2013").

The Company shall act in the best interests of the Portfolios it manages when:

a) executing orders to deal on behalf of the Portfolios;

b) transmitting orders to deal on behalf of the Portfolios to other entities for execution.

The Company must take all reasonable steps to obtain the best possible result for the Portfolios, taking into account price, costs, speed, likelihood of execution and settlement, order size and nature or any other consideration relevant to order execution. This obligation is known as the duty of "best execution". The Company has approved this Policy in order to achieve best execution when executing and transmitting orders in relation to the Portfolios that it manages.

The Company shall not be required to comply with the rules set out in this Policy when making portfolio management decisions in connection to Portfolio which do not invest in financial instruments, but in private equity and real estate instead. In accordance with its duty of best execution, the Company shall nevertheless take all reasonable steps to obtain the best possible result for these Portfolio, such as working with recognized experts in the fields of private equity valuation and independent property appraisal.

2. <u>The relative weight ascribed to various factors in conjunction with orders</u>

The Company shall take all reasonable measures to achieve best possible result with regard to price, costs, speed, likelihood of execution and settlement, order size and nature, or any other factor that in the Company's opinion is relevant for the execution of a particular order. Normally, the greatest significance shall be ascribed to the total price of execution. The total price shall consist of the price of the financial instrument and all the execution costs. The costs for the execution of the transaction include the costs linked to the execution system, the clearing and settlement costs, and any costs paid by third parties involved in the execution of the order.

In certain cases, for example in conjunction with large orders or orders subject to particular terms and conditions, the Company may also grant greater consideration to the following factors:

- The speed of execution
- The probability of execution
- The size and nature of the order or
- for other reasons, any other considerations related to the execution of the order.

These factors may be more important, or as important as price, cost or liquidity. The Company shall determine the relative importance of the factors based on:

- The objectives, investment policy and specific risks of the Portfolios concerned
- The characteristics of the order
- The financial instrument concerned
- The possible execution venues

3. Methods for executing orders

Orders regarding financial instruments shall primarily be transmitted for execution to brokers that have direct access to relevant trading venues (see Section 4 below). The Company may also, in exceptional cases, execute orders directly against the counterparty (see Section 5 below).

In case there are specific interests related to the Portfolios to take into account in the execution or outcome of an order, the Company may, when transmitting the order, submit specific instructions for the execution. Such instructions shall be based on appropriate analyses of the relevant market conditions.

Orders shall be executed through one or several of the methods set forth in this Policy.

In order to achieve best possible result, the Company has the possibility of executing an order by using one, or a combination, of the following methods for the execution of orders:

- Directly on a regulated market or Multilateral Trading Facility ("MTF")

  This takes place when the Company executes the order through a third party. The Company may execute the transaction directly with a market maker, liquidity provider or financial instrument issuer.

  The Company may also execute the transaction with a MTF operated by an investment firm or market operator. The MTF brings together, in a non-discretionary manner, multiple buying and selling interests expressed by third parties for financial instruments, and resulting in the conclusion of contracts.

- Outside of a regulated market or MTF

  This takes place when the Company matches a client's order (e.g. on behalf of one of the Portfolios) against another client's order (e.g. on behalf of another Portfolio), or when it has the order carried out against a third party. The Company may use a systematic "insider", a market maker or any other liquidity provider or entity located in a third country that complies with this policy and performs a function similar to those mentioned above.

4. Financial instruments which are primarily traded on a trading venue

Orders regarding the following financial instruments shall primarily be executed by transmission of such orders to brokers that have direct access to the relevant trading venues:

- transferable securities, i.e. shares, bonds, mortgage certificates, subscription rights, convertible debt instruments and depositary receipts for said instruments,

- money market instruments, i.e. treasury bills, certificates of deposits and other liquid assets normally traded on the money markets,
- derivative instruments, i.e. options, futures, swaps and other similar financial instruments, and
- fund units which are admitted to trading on a trading venue.

Orders are transmitted to brokers chosen with regard to the factors set out in Section 2 above and the broker evaluation process described in Section 6 below.

The Company may use several brokers in order to ensure liquidity, to create transparency and to ensure best possible execution on each individual order. For this purpose, the Company shall use at least one prime broker on the US markets and one prime broker on the European markets. A list of brokers is kept up-to-date by the Company and held available for its clients on request. For the obligations markets, the Company may rely on the services provided by the trading rooms of the depositary bank of the funds.

The Company may also execute orders regarding the above financial instruments directly against the counterparty due to, for instance, preferential rights and other special offerings or if such direct execution is deemed to be in the best interests of the Portfolios.

5. Fund units and other financial instruments which are not primarily traded on a trading venue

The Company shall execute orders regarding unlisted fund units by transmitting the orders to the relevant fund's management company (or the equivalent) for execution according to the said fund rules and regulations (or equivalent).

Orders regarding other financial instruments not primarily traded on a trading venue, including unlisted over-the-counter ("OTC") derivatives, are either transmitted to brokers for execution or executed by the Company directly against the counterparty. The Company's responsibility is to select a counterparty that offers the best possible result to the client in most cases. Method of execution and choice of counterparty are always based on analyses of available market information.

6. Broker selection

When the Company places or transmits orders to third parties, the intermediary's choice has a direct impact on the price and cost of the transaction and therefore on the total price.

As a consequence, the Company shall select the intermediaries that combine high quality standards with efficient execution means in order to obtain the best execution. The Company verifies that the best execution policies and practices of its intermediaries comply with the requirements set out in Section 1. The Company shall take corrective actions if necessary.

Brokers used for executing orders are continuously evaluated by the Company with regard to the following factors:

- price of orders executed,
- commission rates,
- skill at executing orders with particular regard to volume and corresponding price impact,
- skill at settling orders,
- volumes, generally, as well as in respect of particular financial instruments,
- availability and professionalism,
- financial status, risk management process,
- routines for best execution of orders, and
- additional services, including access to research, invitation to conferences, etc.

7. Commission rates

Commission rates are continuously negotiated by the Company and decreased whenever possible.

8. Disruptions on the markets or in trading system

In the event of disruptions on the markets or in the Company's trading system, for example interruptions or insufficient access to the system, it may be impossible or inappropriate, in the Company's opinion, to carry out orders in accordance with the principles set forth in this Policy. In such cases, the Company shall take all reasonable measures to otherwise achieve the best possible result.

9. Handling, aggregation and allocation of orders

The Company shall execute, record and allocate orders promptly, fairly and expeditiously. Comparable orders are executed sequentially and promptly unless this is made impracticable by the characteristics of the order or prevailing market conditions or where other measures are required as a consequence of the interests of the Portfolios.

Financial instruments or sums of money, received in settlement of the executed orders shall be promptly and correctly delivered to the account of the appropriate Portfolios.

The Company may aggregate an order (e.g. on behalf of one of the Portfolios) with orders of other Portfolios only if it is unlikely that aggregation will work to the disadvantage of the Portfolios whose orders are included in the aggregation.

The allocation of an aggregated order shall be decided and recorded in the Company's trading system prior to its execution.

An aggregated order which is executed in its entirety shall be allocated on the basis of the average price. If an aggregated order can only be executed in part, the portion which is executed shall be allocated proportionally on the basis of the average price. Where only a very small part of the aggregated order is executed and proportional allocation cannot be implemented due to unreasonable transaction costs, the portion which is executed shall be allocated to the portfolio with the largest need/largest deviation from the model portfolio.

10. <u>Specific principles relating to the best execution practices (Managers)</u>

Investment policy and risk

Each investment must be justified in relation to the client's profile and strategy. In order to manage the discretionary portfolio in the best possible way, the Manager shall monitor the value of the client's portfolio in light of the nature of the risks inherent to the Portfolio.

Market integrity

Any manipulation of the market is prohibited (e.g. front running). The Manager shall act with the upmost due diligence in relation to the services provided by it and shall execute transactions in accordance with the rules and practices specific to each market.

Unless he is assisted by a specialist, the Manager shall refrain from carrying out a specific operation when he considers its information or experience are insufficient to guarantee the client an appropriate service.

Financial analysis

The Manager shall avoid doing investments for its clients on the basis of simple "tips" heard in the market or on the basis of a single feeling without rational support. For the choice of investments, the Managers shall use the analyses made by the Manager and in particular the lists of recommendations as well as the sample Portfolios. Furthermore, they shall always follow the policies defined by the Company.

Reasonable timeframe

The Manager shall execute the instructions within a reasonable time. If the client has imposed a certain time limit, this time limit shall be respected. If the deadline cannot be met, the customer shall be notified.

When the specificity of the investment product or the particularities of a local market do not allow the usually reasonable time limit to be respected, the Manager shall immediately inform the client of the difficulties in respecting the reasonable time limit.

Simple execution of the investment order

Notwithstanding the order matching the client's profile and his/her obligation of information, the Manager shall limit its intervention to the pure and simple execution of the investment order. He acts exclusively in the client's interest and shall refrain from any action which would result in creating any advantage for him.

No churning

The Manager shall refrain, particularly in the presence of a discretionary management account, from unnecessarily rotating the client's portfolio, nor from carrying out unnecessary transactions or transactions contrary to the clients' interests.

Multiple Orders

In the event of multiple orders, the Manager shall execute them according to the availabilities on the market in the chronological order in which they were received. The Manager shall therefore register the orders as soon as they are received with the exact date and time.

Information to the client in the event of significant losses

When, within the framework of a discretionary management account, significant losses appear in relation to the client's investments, the Manager shall immediately inform the client of the evolution of his portfolio, notwithstanding any remaining item agreement between the client and the Manager. By significant loss, we mean a loss of at least 10% of the client's portfolio under management.

11. Monitoring

The Company has appointed its Chief Compliance Officer to verify that orders are executed in accordance with this Policy. The Chief Compliance Officer may delegate this task to one or several other employees in the Company. The results shall be reported to the Authorized Management and to the Board of Directors of the Company who, in case of deficiencies, shall impose necessary measures to comply with this Policy.

The policy shall be reviewed at least once a year, and whenever there is a material change that affects the Company's ability to continue to consistently obtain the best possible result in executing the orders of the Portfolios it manages.

12. Responsibilities

Responsible for the implementation of this Policy: Authorized Management of the Company
Responsible for the monitoring this Policy: Chief Compliance Officer of the Company
Responsible for the annual review of this Policy: Board of Directors of the Company

13. Distribution

This Policy shall be distributed internally in the Company. The distribution to third parties is subject to the approval of the Authorized Management of the Company.

Furthermore, the Company shall make available appropriate information on this Policy and on any material changes to it to the Funds' shareholders.