

Best Selection – Best Execution Policy

Objective of the policy

MELANION CAPITAL is approved under the following instruments:

- instruments traded on a regulated or organized market;
- French UCITS, European UCITS compliant with Directive No. 2009/65/EC and UCIs authorized for marketing in France: money market UCIs and ETFs on sectoral indices and major international indices;
- contracts and financial securities comprising a financial contract, when they are simple: Futures on indices, Futures on shares, Options or warrants listed on a stock index, on stocks or on dividends, Currency Swaps, Forwards and Futures of currencies;
- contracts and financial securities comprising a financial contract, when they are complex: Future dividends on stocks, Future dividends on stock indices, Options on dividends, Dividend swaps, Options on dividend swaps, Options on commodities, Futures on commodities, Options on Bitcoin, Futures on Bitcoin, Digital barrier options, TRS on Crypto indices.

As such, MELANION CAPITAL is required to process orders on the financial markets.

When MELANION CAPITAL transmits an order resulting from its management decisions, the management company is required to take all reasonable measures to obtain the best possible result with regard to the factors listed in the regulatory and legislative framework.

This Best Selection - Best Execution Policy ensures compliance with these obligations.

Policy Updates

Version	Date	Status	Nature of the modifications
1	08/12/2024	In force	Creation of this policy

1) Regulatory References

The main regulatory references in terms of best execution/best selection are as follows:

- directive 2014/65 EU, known as MIF 2: art 27 transposed into French law in the Monetary and Financial Code art L.533-18, L.533-18-1, L.533-18-2, L.533- 33 and L.420-17;
- regulation 2017/565 (art 64 to 66);
- position - AMF recommendation 2014-07;
- ESMA Q&A and CESR FAQ from 2007.

2) Scope

MELANION CAPITAL is a portfolio management company approved by the AMF, authorized to manage UCITS, AIFs and mandates. MELANION CAPITAL is not a market member and therefore does not itself execute orders on the financial markets. It must transmit them to approved intermediaries for execution on the markets.

The activities of MELANION CAPITAL falling within the scope of this policy are:

- management of UCITS;
- management of FIA;
- management under mandate (activity not carried out on the date of updating of this policy).

Execution venues within the scope of this policy are: regulated markets, multilateral trading facilities, systemic internalizers, market makers, other liquidity providers, or entities that perform similar tasks in a country not party to the agreement on the European Economic Area.

As part of its activities, the company is required to place orders via intermediaries on behalf of the portfolios it manages. To this end, management takes all reasonable measures to obtain the best possible result for its clients with regard to the following criteria:

- type of order and financial instrument;
- probability and speed of execution (depending on the liquidity of the financial instrument);
- quality of responses (error rate);
- intermediary pricing; • operational efficiency;
- team responsiveness; • quality of post-negotiation processing;
- areas or financial instruments usually dealt with by the intermediary.

MELANION CAPITAL asks intermediaries to be systematically categorized as professional clients. As a result, and taking into account their own regulatory obligations, the selected intermediaries are required to offer the best possible execution when they deliver an investment service to MELANION CAPITAL as part of its collective management activity.

3) Best Selection Policy

In accordance with regulations, MELANION CAPITAL selects, for each class of financial instruments, the entity to which orders are transmitted for execution and which allows the best possible result to be obtained.

The selection before any entry into a relationship and the evaluation of intermediaries are carried out on the basis of qualitative criteria and quantitative criteria. Some criteria are more important than others and are therefore taken into account more in the overall assessment.

MELANION CAPITAL checks in particular that the selected entities have a policy and order execution mechanisms which provide for the best execution and allow them to comply with their obligations in this area and that they have sufficient access to the places of execution. execution.

The selection is formalized via an evaluation grid.

The selection criteria are as follows (in order of priority):

- the overall price proposed for the service;
- the quality of the execution of services;
- the responsiveness and availability of the service provider's teams;
- competence, knowledge of the defined scope, reliability;
- confidence, work habit;
- the reputation of the intermediary and its brand image on the market;
- the particularities of the intermediary.

Entering into commercial relationships with new intermediaries is subject to approval by the RCCI of MELANION CAPITAL.

4) Best Execution Policy

The management company takes all sufficient measures to obtain, when executing orders, the best possible result for their clients, by selecting an intermediary from the list of selected intermediaries prior to placing an order. This selection takes into account in particular the following elements:

- the price;
- the cost of intermediation: price in relation to the service offered;
- speed of execution; • capacity to process (size and nature of the order);
- the probability of execution;
- the speed and quality of administrative processing of orders: rapid sending of order confirmations for payment and delivery, quality of the back office;
- any other consideration relating to the execution of orders.

Typically, significant importance is placed on price and costs to ensure the best possible outcome. However, for certain clients, orders, financial instruments, markets or market conditions, other execution factors are equally important or outweigh price to ensure the best possible execution.

The importance of each factor is assessed based on the type of financial instruments processed.

The financial intermediary must provide the list of the different execution venues that it has selected, knowing that MELANION CAPITAL gives its express consent to the execution of orders outside of regulated markets and MTFs in order not to deprive itself of the the entirety of the available offer and thus always be in a position to obtain, from its financial intermediaries, the best possible result for its clients.

Orders transmitted to financial intermediaries can be executed on different markets or execution systems including in particular:

- regulated markets;
- multilateral negotiation systems;
- organized trading systems and;
- systematic internalizers.

This non-exhaustive list details the execution venues in which the management company trusts the most to honor its obligation to take all reasonable measures to regularly obtain the best possible result in the execution of the orders transmitted.

The types of instruments mainly used by MELANION CAPITAL are:

- futures;
- options;
- actions.

The intervention markets are:

- the main regulated stock exchanges in North America and Europe;
- Eurex, Nyse, Euronext, Meff, CME, CBOT.

The management company reserves the right to use other execution venues when deemed appropriate and consistent with the principles set out in its best execution policy.

5) Evaluation of Reception/Transmission of Orders

Intermediaries are evaluated annually by the stakeholders in the order placement process (management team, Risk Department).

The criteria used to evaluate intermediaries vary depending on the nature of the instruments processed with the intermediaries.

If an intermediary no longer responds positively to the criteria defined above, management may decide:

- to limit the flow of orders with the intermediary;
- to suspend the business relationship.

In the case of the management of an index UCITS, and in particular an ETF with physical replication, in addition to the criteria set out previously, MELANION CAPITAL will analyze and study the differences between the execution prices and the closing prices (or Settlement Price) of this action.

The financial intermediary is evaluated on its ability to process the order received. For each "Close" order, the risk teams calculate the "Spread Execution Price- Settlement Price". These results are taken into account in the evaluation of the financial intermediary.

6) Monitoring and Updating the Policy

In addition to the at least annual review of better selection and better execution policies, compliance with this policy is ensured by the formalization of first-level controls carried out by operational staff. MELANION CAPITAL thus monitors the effectiveness of its best selection/best execution system, in order to detect possible shortcomings, remedy them as necessary and adapt and enrich the system in place.

The supervision process is also materialized by the implementation of second-level controls under the responsibility of the RCCI as part of the permanent control plan, and third-level by the conduct of periodic control missions.

The RCCI reports on the implementation of this policy to Management during the Compliance and Internal Control committees.

7) Publication of a Report Relating to Intermediation Fees

On the date of writing of this policy, as intermediation fees are less than €500,000, the publication of a report on intermediation fees is not obligatory for MELANION CAPITAL.