



AURA SOLUTION COMPANY LIMITED
ASSET & WEALTH MANAGEMENT COMPANY

Aura Asset Management: Best Execution Policy

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1. INTRODUCTION

The EU Markets in Financial Instruments Directive (“MiFID 2”) requires all investment firms when executing or placing orders on behalf of clients to take all sufficient steps to obtain the best possible result (“best execution”), on a consistent basis. Other jurisdictions (i.e: non- MiFID) in which Aura Asset Management is active also have equivalent or similar best execution requirements such as under the Thai Financial Services Act (FINSAs). To meet our obligations, Aura Asset Management Limited, Aura Asset Management S.A., Aura Asset Management (Europe) S.A., Aura Asset Management (Japan) Limited, Aura Asset Management (Singapore) Pte Limited, and Aura Asset Management (Hong Kong) Limited (collectively “Aura”) have established and implemented this Best Execution Policy (“Policy”), which is supplemented by separate Order Handling Procedures manuals by asset class that set out our business practices concerning the execution and placement of orders on behalf of our clients.

Aura primarily provides portfolio management services to our clients, which involves the exercise of our discretion to execute or place orders resulting from decisions we have made to deal on the behalf of our clients. When we have made such a decision to deal, our primary objective is to provide the highest quality execution reasonably applicable under the circumstances and within the context of markets, sometimes balancing factors that may conflict at the time. Through this process Aura is committed to providing our clients with the best possible result on a consistent basis.

2. SCOPE

This policy applies to the **Professional Clients** of Aura and to the execution and placement of all orders initiated by Aura on behalf of its clients in the following **Financial Instruments**:

- › **Equities**
- › **Bonds**
- › **Money Market Instruments**
- › **Exchange Traded Derivatives**
- › **Equity & Fixed Income OTC (Over the Counter) Derivatives and Repurchase Agreements**
- › **Forward Foreign Exchange / Non-Deliverable Foreign Exchange (NDF)**
- › **Collective Investment Schemes**
- › **Foreign Exchange (Spot)**

Aura will only execute or place **Client Orders** as agent on behalf of our clients.

Aura may execute its decisions to deal on behalf of our clients directly with or on an Execution Venue (Direct Responsibility for Best Execution) or may choose to place **Client Orders** with one of its approved counterparties to execute on behalf of our clients (Indirect Responsibility for Best Execution).

Direct Responsibility for Best Execution

Responsibility for best execution applies to Aura when we are deemed to be executing client orders. This will generally be the case when we deal:



1. In equity markets, where we request a broker or other liquidity provider to use their own capital in providing liquidity for a trade by dealing as principal;
2. In dealer markets, where we request a price quotation from a broker or other counterparty (this includes bond trades, over the counter derivatives and some types of foreign exchange transactions); and
3. Directly in the market as a participant in a Multi-Lateral Trading Facility or Organised Trading Facility

Indirect Responsibility for Best Execution

When Aura places or transmits orders for our clients (rather than execute them ourselves), Aura will place reliance on its brokers to execute orders on behalf of our clients on an agency basis. The broker is then responsible for achieving best execution. This includes orders placed via algorithmic trading. In this instance, Aura is responsible for the oversight and monitoring of the execution quality achieved by the broker.

Aura will determine the capacity in which it will execute **Client Orders** on an order by order basis taking into account the best interests of all clients, the characteristics of the order and the prevailing market conditions at the time.

3. .ORDER EXECUTION

When providing portfolio management services to our clients, Aura will act in the best interests of our clients at all times. This applies when executing **Client Orders**; or placing **Client Orders** with, or passing orders to, others for execution, which result from Aura investment decisions on behalf of our clients. In these circumstances, Aura will take all sufficient steps to obtain the best possible result (“best execution”), on a consistent basis, for our clients taking into account the best execution factors and best execution criteria set out below, subject to any specific instruction given by our client (see section 8).

4. .EXECUTION FACTORS

The **execution factors** to be taken into account when executing Client Orders are the following: -

- › Price
- › Costs (implicit and explicit)
- › Speed
- › Likelihood of execution
- › Likelihood of settlement
- › Size of the trade
- › Nature of the trade
- › Any other consideration relevant to the execution of the order

Ordinarily, price and costs will merit high relative importance in obtaining the best possible result. However, in some circumstances and for some clients, orders, financial instruments or markets, Aura



may appropriately determine that other Execution Factors are as or even more important than price and costs in obtaining the best possible execution result for the client.

The relevant importance of these factors will be determined by considering the characteristics of the order, the financial instrument, the counterparty and the execution venue.

Examples of other considerations relevant to the execution may include:

- › The character of the market for the relevant **Financial Instrument** (e.g. price volatility or relative liquidity)
- › The number of **Execution Venues** that can provide a quote
- › The market impact of an order
- › The execution capability and responsiveness of an **Execution Venue**

5 . EXECUTION CRITERIA

The criteria Aura will use in determining the relative importance of the execution factors listed above (see section 4) include:

- › **The characteristics of the Client (including its categorisation, mandate and restrictions)**
- › **The characteristics of the Client Order including the size of the trade relative to other trades in the instrument, and the need to minimise possible market impact**
- › **The characteristics of the Financial Instruments which are the subject of the Client Order**
- › **The characteristics of the Execution Venues to which the Client Order can be directed (please see section 7 for further details)**

Each client order that is transacted by Aura traders is inherently unique in its characteristics and market conditions are never constant. Consequently, the relative importance of the execution factors may vary depending of the specific characteristics of the order. Notwithstanding, Aura generally expects price and costs to be the most important execution factors for the majority of **Client Orders** that it executes.

However, there will be trades where price and costs are not the most important factors when executing a trade. Examples of this are shown below:

1. In the case of smaller capitalised equities and more illiquid securities (equity and fixed income), the likelihood and speed of execution may be more important than price.
2. When raising cash for client redemptions, especially in a regulated fund where redemptions have to be paid within a short time period, speed and likelihood of execution may be more important.
3. When executing a large **Client Order**, the ability to transact the larger part of the order at a less favourable price may be more important than executing a smaller part of the order at the best available price at that time.
4. In some markets, the level of price volatility may mean that speed of trade execution is the priority.



5. When executing certain instruments (for example OTC derivatives) our choice of Execution Venue may be limited, even to the extent that there may be only one venue on which Aura can execute a **Client Order**.

NB: This list is not exhaustive and is designed simply to provide examples of where price and costs may not be considered to be the most important execution factors.

6. . EXECUTION VENUES

The list of the type of **Execution Venues** on which Aura may execute or place a **Client Order** is set out Annex A, but it is not exhaustive. It includes those Execution Venues and Counterparties on which Aura places significant reliance in its aim to obtain on a consistent basis the best possible result for the execution of **Client Orders**. Aura reserves the right to use other execution venues where Aura deems it appropriate in accordance with our Best Execution Policy and may add or remove any Execution Venues from the list without prior notification.

Aura regularly assesses the Execution Venues and Counterparties available in respect of the financial instruments that it trades to identify those that will enable Aura, on a consistent basis, to obtain the best possible result when executing or placing client orders. The list of Execution Venues (Annex A) will then be updated, where necessary, following such assessment.

Aura is required to notify clients of any material changes which may affect our ability to continue to obtain the best possible result for our clients (which includes a significant change to the **Execution Venues** that Aura uses under this policy). Therefore, as the detailed list of the **Execution Venues** and Aura execution arrangements may change from time to time, Aura will notify clients of any material changes to our execution arrangements and policy in a timely manner by posting our Best Execution Policy and Order Handling Procedures manuals on our website at www.aura.co.th

7. EXECUTION VENUE SELECTION

Aura is not permitted to deal with a broker unless it has been approved by the Aura Group Counterparty Risk Committee (CRC) under the delegated authority of the Group Treasury Committee.

The Credit Research team is responsible for the coordination, analysis, and monitoring of broker and over the counter (OTC) counterparty relationships; it takes a holistic approach to the risk assessment, considering quantitative and qualitative factors, to assess and evaluate the financial strength of each counterparty based on various evaluation criteria according to the market and nature of future transactions.

Subject to any specific client instructions (see section 8 below), the selection of an **Execution Venue** for the execution of an order will generally be based on the **Execution Criteria** and **Execution Factors** referred to above and in the relevant Order Handling Procedures manual.

Notwithstanding, Aura reserves the right to execute a **Client Order** using a method or venue other than the methods or venues that it has indicated in this policy or in the relevant Order Handling Procedures



manual, where it considers this to be in the best interests of the Client. In such cases, Aura will endeavour to execute or place the order based on the same best execution principles, as summarised in this document.

8. .CLIENT INSTRUCTIONS

Where a client gives a specific instruction for the execution of a **Client Order** (for example on transition or redemption, or where the client instructs Aura to direct orders to certain brokers) then the order will be executed in accordance with those instructions. In such circumstances, Aura's ability to achieve the best possible result, and hence its obligation to do so, may be limited to the extent that Aura is following a specific instruction from our client when executing or placing an order with another entity for execution.

In such circumstances, Aura will be treated as having satisfied its best execution obligation in respect of the part or aspect of the order to which the specific instructions relate.

9. .ORDER HANDLING

Aura is required to execute or place **Client Orders** in an expeditious and fair manner for all Clients.

Client Orders may be aggregated with other **Client Orders** if:

- › The characteristics of the **Client Order** make them suitable for aggregation; and
- › If in Aura's opinion it is unlikely that the aggregation of **Client Orders** will work overall to the disadvantage of any client whose order is to be aggregated; and
- › Aura complies with its order allocation procedures as described in the Compliance Manual.

Aura stores the records of its trading activity for a minimum of five years in accordance with the rules of the FCA, SEC and other relevant regulators.

10. .MONITORING

Aura will review its Best Execution Policy at least annually and whenever a material change occurs that affects our ability to continue to obtain the best results for our clients on a consistent basis. Any material changes will be posted at: www.aura.co.th.news

Aura will, on an on-going basis, monitor the effectiveness of its Best Execution Policy and execution arrangements to identify and, where appropriate, correct any deficiencies. Aura will also monitor the quality of executions and will be able to demonstrate to clients, at their request, that we have executed their orders in accordance with this policy.

Aura has delegated on-going responsibility for oversight of its Best Execution Policy and the Order Handling Procedures Manuals to the Equity & Fixed Income Trade Execution Committees, to keep the policy under at least annual review and to ensure that any regulatory developments in this area are identified.



Please refer to the relevant Order Handling Procedures manuals in section 12 for details of our best execution monitoring arrangements by asset class.

11. .PROHIBITED PRACTICES

With respect to the selection of a broker, the following practices are prohibited:

- › Trades may not be directed in return for gifts and/or entertainment or the provision of broker proprietary research;
- › Trades may not be directed in return for error correction by the broker;
- › Trades may not be directed in return for suggested preferential treatment in IPOs or placement;
- › Trades may not be directed in return for the provision of investment ideas where Aura is unable to meet its best execution obligations
- › Traders must not be influenced by any personal conflicts of interest, such as a family relationship with an employee or owner of a broker. The existence of any such conflicts must be disclosed to the Head of the relevant trading desk and to Compliance.

12. ORDER HANDLING PROCEDURES - BY ASSET CLASS

The following Order Handling Procedures manuals should be read in conjunction with this policy:

1. Appendices A: Equities
2. Appendices B: Bonds
3. Appendices C: Money Market Instruments
4. Appendices D: Exchange-Traded Derivatives
5. Appendices E: OTC Derivatives and Repurchase Agreements (Swaps, Forwards & Options) and Structured Products
6. Appendices F: Spot FX and Related Instruments
7. Appendices G: Funds

These manuals set out in detail the circumstances in which the Aura Best Execution Policy applies and describes Aura's approach to complying with the requirements of this policy.

The manuals also provide information on when, where and how Aura delivers best execution when executing or placing client orders by asset class for **Professional Clients**. They also explain the methodologies and techniques employed by Aura to monitor the effectiveness of our policy and execution arrangements by asset class.



13 .DEFINITIONS

- › **MiFID 2** – the Directive 2014/65/EC, repealing Directive 2004/39/EU
- › **FINSA**- Thai Federal Financial Services Act
- › **Professional Clients** – Professional clients are considered to possess the experience, knowledge and expertise to make their own investment decisions and assess the risks inherent in their decisions. A client meeting the criteria laid down in Annex II of MiFID, FINSA or equivalent / similar regulations in which Aura is active (broadly speaking this means regulated entities, large undertakings, national and regional governments, public bodies that manage public debt, central banks, international and supranational activities, pension schemes, public entities with professional treasury operations, and other institutional investors whose main activity is to invest in financial instruments) is considered to be a Professional Client.
- › **Financial Instruments** – as listed in section 2
- › **Client Orders** – an instruction to buy or sell a Financial Instrument, including orders initiated by Aura as a discretionary investment manager.
- › **Execution Factors** – as listed in section 4
- › **Execution Criteria** – as listed in section 5
- › **Execution Venue** – means a Regulated Market, an Multilateral Trading Facility (MTF), an Organised Trading Facility (OTF), a Systematic Internaliser (as defined in MiFID), or a market maker or other liquidity provider or an entity that performs a similar function in a third country to the function performed by any of the foregoing.
- › **Regulated Market** – means a multilateral system operated and/or managed by a market operator, which brings together or facilitates the bringing together of multiple third party buying and selling interests in financial instruments – in the system and in accordance with its non-discretionary rules – in a way that results in a contract, in respect of the financial instruments admitted to trading under its rules and /or systems, and which is authorised and functions regularly.
- › **Multilateral Trading Facility (MTF)** – means a multilateral system, operated by an investment firm or a market operator, which brings together multiple third party buying and selling interests in financial instruments – in the system and in accordance with non-discretionary rules – in a way that results in a contract.
- › **Organised Trading Facility (OTF)** – means a multilateral system, which is not a regulated market or MTF and in which multiple third party buying and selling interests in bonds, structured finance product, emissions allowances or derivatives are able to interact in the system in a way which results in a contract.
- › **Systematic Internaliser** – means an investment firm which , on an organised , frequent and systematic basis , deals on its own account by executing client orders outside a Regulated Market ,MTF or OTF.
- › **Derivatives** – options, futures, financial contracts for difference and swaps on underlying equity, bond or money market instrument, forward rate agreements and other derivative contracts related to securities, currencies, interest rates or yields, indices or commodities.
- › **NDF** – Non-deliverable Forward Foreign Exchange contract



VERSION CONTROL

| VERSION NUMBER | DATE | RATIONALE FOR CHANGE | PERSON RESPONSIBLE |
|----------------|--------------|------------------------|--------------------|
| 1 | January 2018 | Introduction of Policy | Martin Brian |
| 2 | January 2019 | Annual Review | Martin Brian |
| 3 | January 2020 | Annual Review | Martin Brian |
| 4 | January 2021 | Annual Review | Martin Brian |
| 5 | January 2022 | Annual Review | Martin Brian |