

BEST EXECUTION POLICY

February 2025

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1. INTRODUCTION

The objective is to define the best execution policy of MAPFRE ASSET MANAGEMENT, SGIIC, SA ("MAPFRE AM" or the "Company"), including the factors to be taken into account when selecting the best intermediaries to execute orders under the framework of managing collective investment institutions (CII), as well as to execute orders arising from decisions made within the framework of the discretionary portfolio management service (the "Policy"). The policy is also intended to monitor the quality of execution.

The policy will therefore comply with the requirements of Directive 2014/65/EU of the European Parliament and of the Council, dated May 15, 2014, on the markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (the "MiFID II Directive") and its implementing legislation. In particular, these regulations require:

- The adoption of sufficient measures to obtain the best possible results for customers, establishing, for each type of financial instrument, the companies, or intermediaries to which the orders will be sent for execution.
- Regular verification of the effectiveness of the best execution policy adopted and, in particular, the quality of execution offered by the intermediaries involved.

In particular, such a requirement applies especially to the Company when it offers its professional clients a discretionary portfolio management service that involves adopting appropriate measures to consistently and systematically obtain the best possible result for the customer when making investment decisions.

When selecting intermediaries, CNMV Technical Guide 1/2020 on the procedures for selecting intermediaries for collective investment institutions management companies applies.

In order to comply with these requirements, the Company has established this Policy, specifying, for each type of financial instrument, the intermediaries and counterparties to which the execution orders are sent, taking into account the factors detailed below, whereby the Company is able to assess its effectiveness based on its own experience.

The Policy defined must be consistent, constant, and applicable throughout the whole organization.

With drawing up the designed Policy, all relevant aspects taken into consideration for selecting intermediaries to execute CII operations, as well as to execute orders arising from decisions made within the framework of the discretionary portfolio management service, must be demonstrated to third parties and to the Company itself.

This Policy shall be governed by the provisions of the applicable regulations in force at any given time, as well as by any regulations that may modify or replace them in the future.

MAPFRE AM's Best Execution Policy shall be updated and available on its website (www.mapfre.am.com/politicas/).

2. SCOPE OF APPLICATION

This Policy shall apply when managing the CII and when providing the discretionary portfolio management service.

In order to execute operations for CII and managed portfolios, this Policy shall apply to all operations that are contracted on their behalf and must not reward one portfolio over another; operations shall be executed with an intermediary that offers better conditions than another.

Optimal conditions for executing an operation should be sought equally for all CII and managed portfolio operations in an effort to obtain the best possible result.

3. OBJECTIVE OF THE POLICY

Accordingly, the main objective of this Policy is to establish the Company's procedures for obtaining the best possible results for customers, determining, for each type of financial instrument, the COMPANIES or intermediaries to which orders will be transmitted for execution.

4. FACTORS AND CRITERIA FOR BEST EXECUTION

Best Execution will be determined according to the relative importance of the factors set out below and will depend on the characteristics of the order to be transmitted to the intermediary for execution, the type of financial instrument, and the market on which it is listed.

Factors to be taken into account when executing an order include speed and likelihood of execution, price, transaction costs, and efficiency in the clearing and settlement of transactions.

At no time may any commissions or margins charged by the Company on the transaction be incorporated for best execution verification purposes.

Thus, the factors that may determine best execution include the following:

- Price: The best possible price for the customer.
- Transaction costs: Costs inherent to the transaction, such as explicit costs relating to commissions paid to intermediaries and costs of execution and settlement of securities.
- Liquidity and depth: the ability to execute high-volume transactions quickly without significantly influencing prices.
- Speed of execution: Ability to execute transactions quickly, including high-volume transactions.
- Settlement of transactions: existence of efficient settlement centers and mechanisms.
- Reputation and professionalism of the intermediary: Presence in the markets, capacity to execute orders, agility in their processing, and capacity to resolve incidents.
- Other aspects that are considered important for the order and that may affect the correct execution (e.g., the quality of the execution sites according to the type of order).

5. FACTORS AND CRITERIA TO SELECT INTERMEDIARIES

The Company shall take into consideration, among other factors, the following criteria when selecting channels and intermediaries and counterparties with which it will operate:

- Nature of the order.
- Classification of the customer.
- Nature of the financial instrument subject to the order.
- Nature of the intermediaries and execution centers to which the order may be sent.

The following are some factors that must be considered when selecting intermediaries:

- Provision of their own order execution policy: only intermediaries with a formal order execution policy that meets all requirements established by the MiFID II standard shall be considered.
- Access to the negotiation/execution centers: access by intermediaries to the negotiation centers that are considered relevant at any time with regard to each financial instrument and, for this purpose, selection of said centers by the intermediaries themselves. This analysis takes into account:
 - The trading center to which the intermediary has access must be a regulated market, a multilateral trading facility (MTF) or an organized trading facility (OTF).
 - The way in which the intermediary accesses the centers, whether directly (directly executing orders) or indirectly (in some cases through other intermediaries) by establishing the corresponding execution agreements.
 - The specific financial instrument for which the intervention of the intermediary is required, for the purpose of executing the order, is traded on one or more trading venues.

The selected intermediaries must therefore include in their order execution policy the execution centers that are considered relevant to each type of financial instrument; they must also justify how they access said centers and why they consider one way or another to be more appropriate.

- Clearing and settlement agreements: the clearing company with which the intermediary has agreements to carry out the clearing of operations must be a member of the central counterparties or clearing and settlement systems of the selected execution centers. Said company must also possess the necessary solvency conditions and the technical and human resources required to perform its functions.
- The capacity of the intermediary to offer the Company the execution and post-execution service required for safe and efficient management of transactions (probability and efficiency of execution and settlement).
- Experienced team with high levels of quality in their front office and back-office: The former requires that transactions be made quickly, that they are members of as many markets as possible, and that they understand and offer us the option to carry out the various different types of existing orders (reversals, stop, limited, market, with hidden volume, etc.). With regard to the back-office, the speed of confirmations will be assessed, as will the percentage of errors in said confirmations.
- Recognized prestige of the intermediary: only entities of recognized prestige in the market shall be considered, taking into account variables such as belonging to groups with a significant presence in the market, services offered and the quality thereof, audit reports, etc.
- Capacity for technological integration with the Company's systems.
- Brokerage fees: whenever instruments have explicit costs, the Company shall prioritize intermediaries that offer fees at market conditions, in line with the conditions offered by other comparable alternative intermediaries.

The Company shall at all times comply with legislation of the MiFID or the Security Markets Law with regard to conflicts of interest and/or incentives, and shall not receive any remuneration, discount or non-monetary benefit for directing customer orders to a particular intermediary or counterparty, which violates established regulatory requirements.

6. SELECTION OF INTERMEDIARIES

At least once a year, MAPFRE AM shall review the intermediaries with whom it operates to ensure compliance with this Policy. Nevertheless, whenever circumstances are observed with intermediaries that prevent them from complying with the established selection criteria, an immediate review will be conducted.

The Company shall select intermediaries based on an analysis of the factors set out above. A review of the degree of compliance with the above factors shall be carried out on a continuous basis in order to exclude any intermediaries who obtain a negative assessment.

As proposed by the various management departments reporting to the Investment Area, the Risk Committee shall be responsible for approving the list of intermediaries authorized for operation, except in fixed income, where the criteria established in the Risk Operating Manual shall apply.

This manual indicates that transactions may be conducted with any intermediary as long as the company acting as a counterparty has an investment grade credit rating. Any counterparty with a rating in the BBB range must be a participant in the TARGET 2 system. In addition, general and specific guidelines are established for fixed-income operations.

Verification of intermediaries added falls under the remit of the Board of Directors, which may reject said intermediaries if it so deems appropriate, in which case they would be excluded with immediate effect from the list of authorized intermediaries.

6.1. Intermediary selection process

For the purpose described above, the intermediary selection process will consist of two stages:

- Pre-selection of potential intermediaries, based on qualitative and/or quantitative variables, by the corresponding investment department, taking into account the factors mentioned in the previous section.
- Once the pre-selection of potential intermediaries has been performed, the selection is presented to the corresponding Risk Committee, which shall evaluate and approve the final intermediaries.

Any decision adopted with respect to the selection of intermediaries must be recorded in the corresponding minutes and subsequently be submitted to the Board of Directors of the Company, together with the rest of the aspects related to the risk assumed by the managed institutions, for ratification.

6.1.1 Equity, ETFs, and other listed assets

Since the Company is not a member of and does not have direct access to the official secondary markets where equity assets are traded, it shall use the services of financial intermediaries to execute investment decisions. In these cases, the Company acts as a transmitter of its investment decisions by sending orders to the intermediary, and the intermediary is ultimately responsible for order execution at the execution centers.

ETFs shall be acquired mainly through intermediaries in the market where they are listed, while in specific cases they may be acquired directly from the ETF management company.

Taking into account the above criteria, the main intermediaries selected to send orders arising from the investment decisions of the managed portfolios or of the CIIIs, with respect to this type of financial instrument, are found included in the Appendix to this document, as they are considered to meet the criteria set forth in this Policy.

6.1.2. Fixed Income

When trading fixed income securities (both public and corporate), the Company shall take into account the following factors:

- The total amount comprising the price of the instrument, as well as the costs.
- Other factors to be taken into account when making an investment decision will also include solvency or credit quality, liquidity provision, information on the transaction, and its settlement.

The Company only works with solvent intermediaries recognized by the markets, and, for this purpose, it established the procedure described in the previous sections.

Meanwhile, when purchasing one of these instruments, due to the differences in prices, the criteria for selecting counterparties also include solvency or credit quality criteria, as mentioned above.

The Company shall also take the following into account when selecting counterparties:

- The provision of liquidity in a wide range of instruments, on a day-to-day basis, and especially in difficult market times.
- Competitive prices.
- Speed of execution.
- Incident resolution.
- Confirmation and settlement processes, etc.

For larger transactions and/or transactions in less liquid markets, counterparties specialized in these market niches may be used and a single counterparty may be engaged on the basis of the suitability of the counterparty to the transaction., especially in cases where the Company believes that contacting multiple counterparties may be detrimental to the interests of its customers in achieving optimal execution.

When trading fixed income instruments, prices and constant liquidity are generally the most important factors in analyzing where and how to execute an order to obtain the best possible outcome for the customer.

A list of the main intermediaries used in fixed-income transactions is included in the Appendix.

6.1.3 OTC derivatives

MAPFRE AM and its customers (CIIIs or portfolios under discretionary management) shall only operate with counterparties with which an ISDA/CMOF (Contrato Marco de Operaciones Financieras — Financial Transaction Framework Agreement) and CSA/Appendix III framework agreement has been signed.

At least two counterparties shall be asked to provide a quote, and all selected counterparties are required to provide prices at a specific time for comparison purposes. Depending on the amount of the transaction, it may be executed with one or more counterparties.

If the quotes of several counterparties are the same, other criteria will be used to make a decision. Among other criteria, the ability to solve problems quickly at the time of settlement, the volumes closed, and the existing exposure with each counterparty will be considered.

If there are significant discrepancies between our prices and those of the counterparties, MAPFRE AM has verification tools that can be used to replicate the derivative.

A list of the main authorized intermediaries is included in the Appendix.

6.1.4 Organized derivatives markets

The process of selecting intermediaries to operate in the listed derivatives markets shall comply with all the requirements listed in the preceding paragraphs. However, since the Company is not a market member and does not have direct access to the execution centers, the intermediary's access to the organized market in question and its clearinghouse is decisive.

The nature of the listed derivatives markets restricts the casuistry of execution, since they can only be traded at those execution centers alone. As a result, MAPFRE AM consistently obtains the best possible result for our funds in terms of price and cost, as there are no other options for their execution.

6.1.5. CII

In the specific case of Mutual Funds (MF), the operation may be executed directly through the management company of the corresponding MF, which will be responsible for executing the subscriptions (purchases) and redemptions (sales) requested, or through specialized platforms.

The execution price corresponds to the net asset value, calculated and published by the management company itself, and the costs related to the execution, if any, are expressly stated in the prospectuses (subscription or redemption fees). However, when executed through a platform, the corresponding intermediation cost shall be added.

Investment decisions on MF shall be executed on the most advantageous class for the customer in terms of fees, depending on the volume of the transaction to be performed and the minimum amounts and other requirements stipulated in the prospectus for each class.

When the CIIs are considered as ETFs, they may be acquired through an intermediary or directly from the management company, as mentioned in section 6.1.1 above.

A list of the main platforms used is included in the Appendix.

6.1.6. Currencies

The foreign exchange market is primarily a wholesale market with no clearinghouse. MAPFRE AM performs operations for both CIIs and portfolios under discretionary management contracts. Normally, trading is limited to a limited number of currencies, and transaction amounts are highly variable. In order to operate it is necessary to sign different types of contracts, which makes it more difficult and costly to incorporate intermediaries. Given the importance of the intermediary's solvency for this operation, we have only evaluated operating with first line financial institutions (medium-high rating). In addition, the speed in price competitiveness, in settlement, and in the resolution of possible incidents have also been evaluated.

A list of the main authorized intermediaries is included in the Appendix.

6.1.7. REPOs

For repo, operations may only be executed with entities that have signed the Global Master Repurchase Agreement (GMRA) or a similar model.

Because there are no formalized framework agreements in place at present, this operation is not available.

7. CONFLICTS OF INTEREST

MAPFRE AM has a [Conflict of Interest Policy](#) which all its directors, managers, and employees must follow in the course of their activity. The aforementioned Policy, published on the Company's website (www.mapfre.am.com/politicas), is a key tool for managing conflicts of interest that may arise when selecting financial intermediaries and investment trading.

In certain circumstances, a potential conflict of interest may arise between CII's or between customers of the discretionary portfolio management service. In such cases, the highest priority will be to obtain the best possible result for each party, in such a way that the Management Company shall:

- Avoid favoring either party.
- Not disclose to some customers the operations executed for others.
- Not perform a transaction for one customer to benefit another.

7.1. Aggregating customer orders

Contract orders for a customer's portfolio can be aggregated with those of other customers, provided that unified and consistent treatment is possible in the market. Purchase/sale orders coming from investment decisions of MAPFRE Group portfolios may not be aggregated with those coming from the management of CII's and managed pension funds.

The Company possesses mechanisms to fairly assign orders and allocate executions, which make it unlikely that aggregating orders will harm any of the customers whose order will be aggregated.

This Policy serves as a communication to the customer that orders placed on their behalf may be subject to aggregation.

8. ANNUAL REPORTING DUTY

MAPFRE AM, via its web page (www.mapfre.am.com/politicas), shall make adequate information on its Best Execution Policy available to its customers.

For orders sent by the Company within the framework of the discretionary portfolio management service, the Company shall summarize and publish on an annual basis, on the aforementioned website (www.mapfre.am.com/informes-obligatorios), for each class of financial instrument, the five main order intermediaries, in terms of trading volume, those who executed orders in the previous year, in addition to information on the quality of the execution obtained.

The content and format of such information shall be in accordance with Appendix I of the *Delegated Regulation (EU) 2017/576 of the Commission, dated June 8, 2016, supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to regulatory technical standards for the annual publication by investment firms of information on the identity of execution centers and on the quality of execution*.

9. APPROVAL AND REVIEW OF THE POLICY

This Policy was first approved by the MAPFRE AM Board of Directors in December 2018 and became effective on December 20, 2018. At least once a year, preferably at the last Board meeting of the year, the policy is reviewed, and a new version comes into force the day after the Board meeting.

The Unit in charge of the supervision and control of the Policy is the Financial and Extra-financial Risk Management Unit, as established in rule 4.8 of CNMV Circular 6/2009, of December 9, 2009, on Internal Control of CIIMCs (Collective Investment Institutions Management Companies).

This article states that the Risk Management Unit shall periodically and at least once a year review the policies and procedures for selecting companies that mediate the operations carried out by the Company, paying close attention to the quality of execution of the designated companies.

A review must also be conducted whenever a significant change occurs that affects the Company's ability to continue to provide its customers with the best possible results. A major change is any significant event that affects the best execution parameters, such as cost, price, speed, likelihood of execution and settlement, volume, nature, or any other consideration relevant to the execution of the order. In addition, other circumstances that could lead to the revision of the Policy include legal changes affecting the Policy.

APPENDIX TO THE BEST EXECUTION POLICY

(Main authorized intermediaries)

1. Equities, ETFs, and other listed assets

The main authorized intermediaries are:

- Morgan Stanley
- JP Morgan
- Bank of America Securities
- Kepler
- Bankinter
- Exane- BNP
- Banco Sabadell
- Société Générale
- Santander Investment Bolsa SV
- UBS

2. Fixed Income

As a general rule, all counterparties with a rating in category A or higher are approved as intermediaries. For companies rated in the BBB category, they must participate in the TARGET 2 system.

The main intermediaries used are:

- BNP Paribas
- Citigroup
- JP Morgan
- HSBC
- Calyon
- Banco Bilbao Vizcaya Argentaria S.A
- Banco Santander S.A
- BoAML
- Deutsche Bank
- Société Générale
- UBS

3. OTC derivatives

The main approved intermediaries are:

- Banco Bilbao Vizcaya Argentaria S.A
- Caixabank S.A
- Banco de Santander S.A
- Credit Agricole CIB

4. Mutual Funds

The main approved contracting platforms are:

- All Funds
- Inversis

5. Currencies

The main approved intermediaries are:

- Banco Bilbao Vizcaya Argentaria S.A
- BNP Paribas
- Calyon
- ING

6. REPOs

- No framework agreements currently signed.

Both this Appendix and the Best Execution Policy shall be reviewed annually at minimum.

VERSION CONTROL

Version	007
Latest date of review and approval	06/03/2025
Object of approval/review	Update of the Appendix.
Area responsible for the Policy	Financial and Extra-Financial Risk Management Department.