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2 Basic elements

2.1 Objectives

Within the framework of Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on MiFID (markets in financial instruments) and the transposition into Luxembourgish law of 13 July 2007 on markets in financial instruments, Foyer Patrimonium has to implement a best execution policy which assures that all orders executed by Foyer Patrimonium for its clients obtain the best possible result in accordance with the criteria defined in the policy. Furthermore, Foyer Patrimonium has to inform its clients of this policy.

2.2 Definition of the clients' interest

Best execution means the obtainment by the clients of the best result, which takes account not only of the price but also of other criteria: cost efficiency, speed and probability of execution, size, quality of liquidation and other elements related to the execution of the order.

To achieve the best possible result for the client, Foyer Patrimonium considers, in order of priority, the following factors: the total cost comprised of the sum of the gross price and of the fees and commissions related to the transaction, the speed of execution and the probability of total execution, the probability of problem-free liquidation.

2.2.1 Price

For each specific security, Foyer Patrimonium selects from various execution sites the one that is the most efficient according to our analysis of the price formation mechanism, of the extent of liquidity and other factors which guarantee the best execution conditions. The quality of the price formation mechanism depends on the number of participants, the liquidity of the security concerned, the presence of market makers or the existence of a reference market.

2.2.2 Cost

The total cost of the transaction is calculated including our own commissions and the commissions and fees of third parties. As an example of third party commissions, we mention the stock exchange costs, the brokerage and the liquidation costs in the event they are invoiced to the clients.

2.2.3 Other aspects related to the execution of orders

Size

The size of the order determines the way in which it can be placed in the market; the liquidity factor has a major influence on the speed and probability of execution.

Speed

The speed of execution is determined by two factors: the time between the receipt of the order and the moment it is placed in the market, and the market operating model we have selected within the framework of our execution policy.

Probability of execution

The probability of execution depends on the market's liquidity. We also take account of the probability of partial executions, which has an impact on the execution cost.

Probability of liquidation

We check the quality of the execution site to limit the risk of liquidation and the additional costs which the client might potentially incur.

2.2.4 Specific client instructions

In the event we receive specific instructions for the execution of an order, we take these instructions into account. If the specific instruction only concerns part of the order, we apply our execution policy to the residual part.

We draw the client's attention to the fact that, in case of a specific instruction, we are not able to apply our own best execution policy. The client fully bears the consequences of his/her choices.

2.3 Client classification

Foyer Patrimonium processes both orders from clients who are non-professionals and from clients who are financial professionals. Within the MiFID framework, financial professionals are entitled to opt for classification as a "professional client" or as an "eligible counterparty", with the latter remaining entitled to ask to be treated in general or for specific transactions as a non-professional or a professional client. When you are treated as an "eligible counterparty", the best execution policy stipulated by MiFID and the level of protection is not applicable.

2.4 Financial instruments

The best execution policy is applied to the following financial instruments:

- Shares or equivalent securities
- Bonds and other debt instruments
- Investment fund units
- Certificates, warrants or equivalent securities

2.5 Applications

Our best execution policy is applied to orders sent by the client to Foyer Patrimonium in order to buy or sell financial instruments. The instruction "discretionary execution" or similar specific qualification does not enable us to apply, in the strictest sense, the factors of our best execution policy. Indeed, we apply our market experience and discretionary assessment elements, with the aim being to apply all reasonable care to execute the client's instructions in the best conditions.

2.6 Execution times and site

All orders received outside normal working hours will be executed when the execution site reopens the next working day.

2.7 Grouping and allocations

All other market orders shall be sent and executed on a "one to one" basis in accordance with the order in which they are received. Foyer Patrimonium does not, in principle, apply the grouping of orders received from clients for the same financial instrument. In the event the orders of several clients are grouped together (for example: new public offerings on financial instruments, discretionary management decision, etc.), fair treatment of the clients shall be ensured when the orders are executed. Orders shall, in principle, be allocated on a basis pro rata of the client's order.

2.8 Own orders

Foyer Patrimonium shall not execute orders for itself when client orders for the security concerned are in the process of being executed or prepared. Once a client order is aggregated with an own order of Foyer Patrimonium (for example, pre-existing own order, etc.), Foyer Patrimonium shall take the greatest care to ensure that the client is not put at a disadvantage in relation to its own order.

3 Best execution principles

3.1 General information

For the Foyer Patrimonium clients under a discretionary or non-discretionary management contract whose assets are deposited with approved depository banks themselves subject to the MiFID, the orders are generally sent for execution to this depository bank. In the event the Foyer Patrimonium execution service offers better execution for the client in the sense of the criteria of this policy, and provided the depository bank accepts this way of proceeding, Foyer Patrimonium may provide the execution service. In practice, this will be applied to large sized orders or to securities with reduced liquidity.

We process the orders in accordance with the principles described below, by applying the weighting of various factors defining the best execution of an individual order. This enables us to select the most appropriate execution site for obtaining the best result in our clients' interest. Clients are notified that Foyer Patrimonium may, in specific cases, have to execute orders concerning a financial instrument listed outside a regulated market or an MTF (multilateral trading facility).

3.2 Specific client instructions

In the event we receive specific instructions for the execution of an order, we take these instructions into account. If the specific instruction only concerns part of the order, we apply our execution policy to the residual part.

We draw the client's attention to the fact that, in case of a specific instruction, we are not able to apply our own best execution policy. The client fully bears the consequences of his/her choices.

3.3 Shares

In principle, the orders related to shares are sent to the main regulated market where they are traded, the place which, in general, produces both the best liquidity and the most favourable cost conditions. As a member of the Luxembourg Stock Exchange and of Euronext Paris, Brussels and Amsterdam, Foyer Patrimonium may directly execute orders related to shares listed on them. On the other markets (mainly Germany, Switzerland, Scandinavia, United States and Canada), we send the client orders to brokers subject to the MiFID or to MTFs (multilateral trading facilities) such as described in the Directive. Foyer Patrimonium does not, in principle, execute share orders outside regulated markets or an MTF, except in a specific market situation or a specific instruction from the client in this respect.

3.4 Bonds

Depending on the liquidity and on the nature of the bonds, we will choose, according to our market experience and our professional assessment, an execution site in accordance with the following order of priority:

- If there is an active regulated market, we use this market.
- If the liquidity on the regulated market is insufficient, we use an MTF. Foyer Patrimonium has access to a certain number of electronic MTF systems on which some 50 market makers are in online mode.
- If the electronic systems are not a sufficient platform for an execution, Foyer Patrimonium contacts a group of market counterparties which are active in the security in question in order to execute the order in the client's best interest. In this specific case, the method corresponding to the best execution is then the OTC (over the counter) method.

3.5 Investment funds

Subscriptions to and repayments of fund units are executed at the net book value either with a fund transfer agent, a distributor or other professionals subject to the MiFID. In case of a specific instruction, we can execute the order on the Luxembourg Stock Exchange, Euronext or other regulated markets or MTFs.

3.6 Certificates

Depending on the liquidity and the nature of the certificate or equivalent instruments, according to our market experience and our professional assessment, we will execute the order OTC, on an electronic MTF system or through a third party professional subject to the MiFID in order to obtain the best execution for the client.

4 Monitoring

We continually monitor the efficiency, the quality and the appropriate nature of our best execution and make the necessary adjustments.

5 Review

Once a year, a general review of our best execution policy is performed. An ad-hoc review is applied in case there is a change in a market's environment if we feel that the provisions put in place no longer respond to the best execution policy from which the client must benefit.

6 Client information

The "best execution policy" is brought to the awareness of the Foyer Patrimonium client as well as any subsequent modification.