

BEST SELECTION AND EXECUTION POLICY
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Purpose: Describe the measures implemented by Drakai Capital to select the best intermediaries and obtain the best possible result for investors when executing its investment strategy.

Recipients:

All investors, counterparties and intermediaries.

1. Regulatory Framework and Scope:

Delegated Regulation (EU) No 231/2013: Articles 20 and 25 to 29
Monetary and Financial Code: Articles L533-18 to L533-18-2 and L533-22-2-2

This policy applies to the collective management activity of Drakai Capital. Drakai Capital currently holds no private management mandates. In the event of implementing a private management mandate, this policy will be updated to take into account the specificities related to this activity.

2. Best Selection

Drakai Capital selects intermediaries and counterparties for the implementation of its investment strategy with the objective of obtaining the best possible result by considering the following factors:

- The price of securities, taking into account all fees supported by the fund under management: fixed or variable fees per transaction, as well as financing margins and collateral account remuneration.
- The efficiency in transaction execution. This factor includes both the probability and the speed of execution, considering the nature of the order, its size, and the characteristics of the instruments.
- The overall relationship with the counterparty or intermediary, particularly its ability to offer solutions adapted to Drakai Capital's strategy and the quality of post-trade processing.

The selection of a new processing platform or a new counterparty must be validated by the Best Execution – Best Selection Committee before the first trades are executed on this platform or with this counterparty and after the necessary due diligence has been conducted.

This committee must also, at least once a year or at each event that significantly affects Drakai Capital's ability to obtain the best execution, review the relationships with intermediaries and counterparties and validate the measures deemed necessary in the interest of the fund and investors: change of intermediary or counterparty, review of pricing, modification of the proportion of orders allocated to a particular intermediary or counterparty. The committee then ensures the proper implementation of these decisions.

The selection of an intermediary or counterparty must not, under any circumstances, be based on the granting by this third party of any remuneration or advantage to Drakai Capital or to a person working within Drakai Capital or on its behalf.

As of today, Drakai Capital's intermediaries are:

- JP Morgan as a broker for equity transactions, CDS (clearing only), and currency exchange,
- Goldman Sachs as a broker for certain bond transactions,

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- ICE as a clearing house for CDS,
- Bloomberg as an execution platform for all CDS and bond transactions, except for certain bonds that are processed via Market Axess,
- Citibank as an investment platform in money market funds to optimize the remuneration of the fund's liquidity.

3. Best Execution

For each operation, Drakai Capital's management team must select an execution platform and a counterparty for its execution. The selection criteria are essentially the same as those used to select the intermediaries and counterparties with whom the company maintains a relationship, namely:

- Price, taking into account all fees supported by the fund under management: fixed or variable fees per transaction, as well as financing margins and collateral account remuneration.
- Efficiency in transaction execution. This factor includes both the probability and the speed of execution, considering the nature of the order, its size, and the characteristics of the instruments.

Regarding price, the management company receives at least annually from intermediaries and counterparties financial elements, notably, concerning brokers, "Transaction Cost Analysis" (TCA). These elements are studied by the management team to adjust, if necessary, the execution methods.

Drakai Capital, managing only one fund, having no private management mandate, and not being authorized to perform order reception and transmission, is not concerned with order allocation of orders or grouped orders issues.

4. Order Execution Circuits**4.1 Credit Default Swaps**

Transactions are executed via Bloomberg chat with various authorized counterparties. The more authorized counterparties the investment team has, the more visibility it has and consequently the better execution it has. To ensure the best possible price on each trade, the investment team queries at least three counterparties showing the best Bid/Ask to execute its order.

Once the transaction is executed, the investment team receives a Bloomberg VCON confirmation from the counterparty with all transaction details. CDS are systematically cleared by JP Morgan and settled on ICE Clear Credit.

Drakai Capital issues an annual execution report to optimize its execution in the credit market.

4.2 Equities

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Equity buy/sell operations are executed on the Bloomberg EMSX electronic platform via our broker JP Morgan. Once the transactions are completed, equity positions are systematically swapped, the same evening, by JP Morgan.

Drakai Capital annually requests execution reports of its orders ("Transaction Cost Analysis") from JP Morgan and analyzes these reports to optimize its execution in the equity market.

4.3 Currency Exchange

The company conducts currency exchange operations to hedge its exchange rate risk. These are spot operations conducted on the JP Morgan electronic platform (JP Morgan Markets). These operations, involving very limited amounts and at the spot rate, are not subject to in-depth execution analysis by Drakai Capital.

4.4 Futures and Options

Futures and options operations are conducted on the Bloomberg EMSX electronic platform, via our broker JP Morgan.

Drakai Capital requests, annually, execution reports of its orders "Transaction Cost Analysis" from the Prime Broker (JP Morgan) and analyzes these reports to optimize its execution in the futures and options market.

4.5 Corporate Bonds

Bond buy/sell operations are conducted either on Bloomberg or MarketAxess. The choice between these two execution platforms is made on a case-by-case basis depending on the prices displayed by counterparties on these platforms but also depending on the size of the transactions and thus the liquidity accessible on each platform.

In the coming months, Drakai Capital plans to test other execution platforms to access the best prices and more liquidity. If a platform is used regularly, this policy will be updated.

For certain corporate bond operations, when it optimizes the fund's performance, Drakai Capital has its positions swapped by Goldman Sachs the day after their execution.

4.6 Government Bonds

To optimize the return of the fund under management, Drakai Capital invests in government bonds. Transactions are conducted via Bloomberg after requesting quotes from at least three counterparties.

4.7 Money Market Funds

To optimize the return of the fund under management, Drakai Capital invests in money market funds. These investments are made via the CitiDirect platform provided by Citibank, the fund's sub-custodian.

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When annual intermediation fees exceed 500k EUR, Drakai Capital issues a report on intermediation fees in accordance with current regulations. This report is available on the company's website.

Date	Author	Reviewer	Version	Change Description
May, 2021	G Boulanger	S Comair	1.0	First version
Dec, 2022	G Boulanger	S Comair	1.1	review
Dec, 2023	G Boulanger	S Comair	1.2	Update counterparties, paths and more
Feb, 2024	G Boulanger	S Comair	1.3	Adding corporate bonds
March, 2025	Laurent de Monneron	Samer Comair	2.0	New version