

TOP 5 EXECUTION VENUE REPORT 2023 – RTS28

I. Introduction and Overview

- Shelter Investment Management (“SIM”) is obliged to act in the interest of investors and to respect in this context best execution principles.
- SIM has to show transparency on the effective application of these best execution principles via the publication of a Top 5 Execution Venue Report. This report is a regulatory requirement specifically stemming from Directive 2014/65/UE, article 27 (10) (b) (“MIFID II”) and the Regulatory Technical Standards 28 (“RTS 28”). This report has to include the top 5 Execution Venues used and more detailed reporting on the quality of the order execution as per below.
- The Best Execution Policy of SIM explains that SIM does not execute orders itself but transmits the orders to authorized financial counterparties (“Intermediaries”) in view of execution of such orders by these intermediaries. Therefore, SIM considers it is subject to the principles of “best selection” as described in its Policy. The policy is accessible via its website in a summarized version or on demand via mail to investment@shelter-im.com. This best selection approach aims to ensure that SIM works with Intermediaries that commit to offering to SIM Best Execution Services in all situations.
- It should furthermore be noted that the Intermediary cannot always be selected by SIM because of the depository bank agreement in place where trade execution is mandatorily organised via the related Intermediary.

II. Execution Venues

1. List of the top 5 execution venues used during the reporting period

1.1. In amounts traded

1. KBC Securities Services
2. Puilaetco
3. Banque de Luxembourg (Luxembourg)
4. Banque de Luxembourg (Belgium)
5. –

1.2. In number of trades

1. KBC Securities Services
2. Puilaetco

3. Banque de Luxembourg (Belgium)
4. Banque de Luxembourg (Luxembourg)
5. -

2. Disclosure of any new execution venues added during the reporting period

During the reporting period no new execution venues have been added.

III. Quality assessment of the obtained Execution

1. Method used for comparison

In order to make meaningful comparisons and analyse the choice of the top five execution venues, the information is published per class of financial instruments : shares, ETF, bonds, other instruments.

2. Execution Factors

Execution Factors that are considered in achieving best selection:

Price: this is the price of the instrument underlying the order and will determine often on the final cost of the financial instrument. Price is generally the most important factor when SIM assesses how to obtain the best possible result when executing customer orders. To ensure best price, SIM reviews brokers' fees on a regular basis on the Exco level.

Cost of execution: the cost of execution refers to broker fees and taxes on some stock exchanges. SIM has agreements with all brokers on execution fees.

Speed: this is the speed at which an order can be executed. This is a subjective element and is very dependent on the type of trade. However, in more than 98% of the cases, the order of SIM are of a size that the execution can be done immediately without any risk of market impact. Orders are therefore mostly immediately executed.

Likelihood of execution: this is the probability that the order will be properly executed, or at least a significant proportion of the order. The importance of this factor increases when access to liquidity for the instrument in question is limited in some way. Since more than 98% of our orders concern highly liquid instruments, the factor is not significant.

Likelihood of settlement: SIM always expects that the transactions it executes for its customers are settled in good time. SIM observes smaller issues with the settlement in relation to certain ETF transactions but otherwise settlements are generally perfectly executed with all venues.

Size of the order: this is the size of the order relative to the average volume of trades in a specific financial instrument. The size of the customer's order is only a significant factor if the order exceeds a percentage of the daily volume of trades in a specific financial instrument, e.g. in the case of combined order trades. Large-volume transactions may have a negative impact on the price. Given the size of orders of SIM, this element is again of low significance.

3. Appreciation factors of the execution quality obtained by financial intermediaries

SIM has established a procedure for selecting and assessing Intermediaries to ensure the quality of order execution on behalf of its managed investment funds and mandate accounts, ultimately aiming for the best possible execution.

An annual assessment is conducted by SIM, which, depending on the case, considers several or all of the following criteria:

- The cost of the intermediation;
- The quality of execution (ability to achieve best execution in accordance with current regulations);
- The quality of the order related data;
- The quality of administrative processing (sending confirmations, back office efficiency, etc.);
- Financial stability and reputation of the Intermediary.

The Exco of SIM, after input from the compliance function, approves any new engagement with a financial intermediary. The compliance function of SIM reviews and validates the annual due diligence, which is then approved by the Exco of SIM.

4. Factors that may lead to the modification of the list of authorized intermediaries

As mentioned, SIM conducts an annual review of its authorized financial intermediaries. This review can result in a decrease in the volume of orders placed with an intermediary, or in its temporary or permanent removal from the list of authorized intermediaries following a specific procedure described in the Best Execution Policy of SIM.

Factors that may affect the modification of the list include amongst others (1) the depositary bank agreements and relations (2) the responsiveness and quality of trade execution service (3) the speed of execution (4) the willingness to offer Best Execution services and the way the Best Execution Policy of the Intermediary is considered satisfactory by SIM (5) Level of and changes in brokerage fees (5) Settlement issues encountered, etc

5. Modalities of execution depending on the categorisation of clients

SIM's Best Execution Policy for the optimal selection of Intermediaries is applied consistently across all client categories, whether they are classified as "professional", "eligible" or "retail" clients, in both DPM and RTO activities. However, certain specific circumstances may warrant a distinct handling of orders.

Example of such situations: in case of a DPM mandate linked to a life insurance policy, SIM may not have the option to select the Intermediary to which the order will be sent for execution if a specific Intermediary is associated with the specified insurance company.

6. Possible ties and conflicts of interest with financial intermediaries

SIM is an independent management firm and as such, there are no ties, shareholdings, or conflicts of interest whatsoever with the Intermediaries it works with.

When forwarding an order for execution by a financial intermediary, SIM will take all necessary steps to ensure that the execution is carried out with the client's best interest in mind and will continuously promote market integrity.

7. Absence of agreements regarding payments or retrocessions by financial intermediaries or execution platforms

SIM does not receive an payment of any fees, non-monetary benefits, or rebates in any kind of way shape or form from the Intermediaries.

8. Use of data and tools to assess the quality of order execution

To assess the quality of execution, SIM relies on transaction statements received from financial intermediaries as well as on external databases and analysis in its own PMS (Portfolio Management System).

IV. Review of Top 5 Execution Venues

For each class of financial instrument, below you can find the top five execution venues by trading volume. Please note that SIM only serviced non-professional clients over the reporting period.

1. Equity, Shares and Depository receipts

Class of instrument	Equity, Shares & Depository Receipts				
Notification if <1 average trade per business day in the previous year	Yes				
Top five trading venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class (in EUR)	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
BdL Luxembourg	64%	66%	N/A	N/A	N/A
KBC Securities Services	36%	34%	N/A	N/A	N/A

2. Debt instruments

Class of instrument	Debt instruments (Bonds)				
Notification if <1 average trade per business day in the previous year	Yes				
Top five trading venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class (in EUR)	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
KBC Securities Services	100%	100%	N/A	N/A	N/A

3. Exchange Traded Products

Class of instrument	Exchange Traded Products (Exchange traded funds, Exchange traded notes and Exchange traded commodities)				
Notification if <1 average trade per business day in the previous year	Yes				
Top five trading venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class (in EUR)	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
KBC Securities Services	70%	52%	N/A	N/A	N/A
Puilaetco	20%	40%	N/A	N/A	N/A
BdL Belgium	5%	4%	N/A	N/A	N/A
BdL Luxembourg	5%	4%	N/A	N/A	N/A

4. Other Instruments

Class of instrument	Other instruments: Open-ended investment funds				
Notification if <1 average trade per business day in the previous year					
Top five trading venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class (in EUR)	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
KBC Securities Services	43%	42%	N/A	N/A	N/A
BdL Luxembourg	42%	1%	N/A	N/A	N/A
Puilaetco	14%	55%	N/A	N/A	N/A
BdL Belgium	1%	1%	N/A	N/A	N/A

V. **Assessment and Conclusion**

Summary of the assessment of the effectiveness of execution arrangements

Over 2023 the overall conclusion of the assessment of the effectiveness of the execution arrangements SIM has been utilizing, is satisfactory.

Identification of areas for improvement, if any

Over 2023 no significant areas for improvement or change to the list of the Intermediaries has been identified.

VI. **Future Plans and Improvements**

Based on the report's findings for 2023, no plans for improvement have been identified. However, SIM will continue to monitor closely the quality of the execution of orders it transmits towards the Intermediaries and will take the necessary steps to address all possible issues that may arise in the future. SIM will continue to report on the findings of the assessment both internally and externally (towards clients and regulators) and monitor the best execution policies of the Intermediaries.

VII. Publication and Accessibility

This report will be published on the below mentioned website page of SIM and accessible there for clients and regulators : www.shelter-im.com

The Exco of Shelter IM