



**MiFID II Best Execution
RTS28 / Art 65(6) Disclosures**

For the period 11/09/2023 to 31/12/2023

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1. SCOPE AND APPLICATION

1.1 Purpose of this Report

This report has been prepared by FIEE SGR S.P.A. (hereinafter "**FIEE**") for the purposes of EU Commission Delegated Regulation (EU) 2017/576 ("**RTS 28**") and Article 65(6) of Commission Delegated Regulation 2017/565 ("**Art. 65(6)**") that supplement EU Directive 2014/65/EU ("**MiFID II**") which sets out regulatory technical standards for the annual publication by MiFID II investment firms of information on the identity of execution venues and on the quality of execution.

As part of MiFID II, all Investments Firms are required to publish, on annual basis, information on top 5 execution venues used and information on the quality of execution obtained. MiFID II requires the disclosure of orders executed directly with counterparties ("direct execution"), captured under RTS 28, and also placed orders with counterparties ("placement") for onward execution, captured in Art. 65(6). For the sake of clarity:

- **Direct Execution** occurs where the Investment Firm executes its own decisions to deal based on a Request-For-Quote from a trading counterparty or executes an order directly against an execution venue: e.g. a regulated market, Multilateral Trading facility (MTF), Organised Trading Facility (OTF), Systematic Internaliser, a market maker or other liquidity provider;
- **Placement** is where the Investment Firm places an order with another entity, such as a broker, for it to execute i.e. 'to work and execute in the market'. This is the mode of execution primarily used for Equities and Equity Derivatives.

The purpose of this Report is to present for year 2023:

- FIEE's top 5 execution venues in terms of trading volumes where FIEE executes and/or and places orders with counterparties; and
- FIEE's analysis on the detailed monitoring of the quality of execution obtained on the execution venues where orders are executed.

1.2 Activities in Scope

The document sets out the top 5 execution entities by instrument type utilised for the execution of orders in financial instruments where FIEE is the Investment Manager and has an obligation of best execution to the Client pursuant to article 27 of MiFID II.

More in details, FIEE acts in its capacity as Delegated Investment Manager for Open-Ended Funds issued by Third Parties (the "**Client**"). This activity was effective from 11/09/2023.

FIEE's services are only offered to professional clients.

1.3 Order Type

FIEE acts as Investment Manager on a discretionary mandate basis in the transmission of orders and does not execute any client orders directly. In addition, FIEE's clients do not participate in the trading decisions made by FIEE.

2. OVERVIEW

FIEE is authorised and regulated by Bank of Italy to act as Delegated Investment Manager for Open-Ended Funds issued by Third Parties.

As an Investment Manager, FIEE both executes orders directly with counterparties (“direct execution”) and also places orders (“placement”) with counterparties for onward execution, on behalf of the Clients.

FIEE’s Portfolio Team concludes transactions with external counterparties in relation to the discretionary investment decisions in MiFID financial instruments. During 2023, FIEE’s Portfolio Team undertook dealing in the following financial instruments for Clients:

- Equities
- Equity Derivatives
- Listed Derivatives
- Bonds
- Credit Derivatives – OTC
- Currency Derivatives

2.1 Best Execution Factors

When executing decisions to deal, or when placing orders to deal, FIEE must act in the best interests of Clients. To achieve the best possible result, FIEE has established best execution and counterparty selection factors in its Best Execution Policy and Counterparty Selection and Evaluation Policy.

FIEE takes into account the following execution factors all financial instruments included:

- The price and explicit costs of executing the order;
- The speed and likelihood of execution;
- The likelihood of settlement;
- The size of the order;
- Any other consideration that FIEE considers relevant at the time

Price is normally the predominant factor in obtaining the best possible result for the Clients. However, the relative importance of the above execution factors will be determined by:

- The objectives, investment policy and risks specific to the Client, as indicated in the prospectus or the fund rules or any other relevant documentation;
- The characteristics of the order – for example its size or particular instruction;
- The characteristics of the financial instruments – which may include not only the type of instrument or asset class but its liquidity and other market characteristics;
- The characteristics of the execution venues to which the order can be directed

FIEE also considers when choosing an executing counterparty, the explicit cost of a transaction measured against other venues which include:

- Commissions passed on by counterparties;
- Other Fees & Taxes;
- Clearing and settlement cost.

3. TOP 5 EXECUTING ENTITIES BY FINANCIAL INSTRUMENT

This report is published by FIEE in respect of its trading activities, in line with the regulatory standards and made available for at least two years and published on FIEE’s website.

FIEE has completed this report in line with its interpretation of ESMA guidance and in good faith, to the best of its capability, with data that was available at the time of publishing.

The following are key terms included in this report along with their definitions as per MiFID II:

- **Proportion of volume traded as a percentage of total in that class** is defined as the market value of orders;
- **Proportion of orders executed as percentage of total in that class** is defined as the number of orders executed.

In addition, as per MiFID II the order is classified as below:

- **Passive** is defined as an order entered into the order book that provided liquidity to the market;
- **Aggressive** is defined as an order entered into the order book that took liquidity from the market;
- **Directed** is defined as an order where a specific execution venue was specified by the client prior to the execution of the order.

None of these classifications are available at trading activity made by FIEE.

Class of Instrument	Equities – Shares & Depositary Receipts				
Notification if <1 average trade per business day in the previous year	No				
Tick size liquidity bands 1 and 2 (from 0 to 79 trades per day)					
Top 5 execution venues ranked in terms of trading volume (descending order)	Proportion of volume traded as percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Morgan Stanley Europe SE 54930056FHWP7GIWYY08	80.53%	78.17%	N/A	N/A	N/A
Equita SIM S.p.A. 815600E3E9BFBC8FAA85	10.45%	9.73%	N/A	N/A	N/A
Mediobanca S.p.A. PSNL19R2RXX5U3QWHI44	3.69%	4.13%	N/A	N/A	N/A
Fearnley Securities AS 5967007LIEEXZX6W9S34	2.01%	2.65%	N/A	N/A	N/A
Intermonte SIM S.p.A. YMUU1WGHJKORF9E36I98	1.86%	3.83%	N/A	N/A	N/A

Class of Instrument	Bonds				
Notification if <1 average trade per business day in the previous year	Yes				
Top 5 execution venues ranked in terms of trading volume (descending order)	Proportion of volume traded as percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Morgan Stanley Europe SE 54930056FHWP7GIWYY08	45.90%	30.23%	N/A	N/A	N/A
Equita SIM S.p.A. 815600E3E9BFBC8FAA85	39.89%	44.19%	N/A	N/A	N/A
Stifel Nicolaus EU Ltd 213800BVEFNZ8UYPKL03	12.74%	23.26%	N/A	N/A	N/A
Seaport Group EU LLP 2138003MLD2U3GEMHS70	1.47%	2.32%	N/A	N/A	N/A

Class of Instrument	Equity Derivatives - Swaps				
Notification if <1 average trade per business day in the previous year	Yes				
Top 5 execution venues ranked in terms of trading volume (descending order)	Proportion of volume traded as percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Morgan Stanley Europe SE 54930056FHWP7GIWYY08	99.43%	98.61%	N/A	N/A	N/A
Equita SIM S.p.A. 815600E3E9BFBC8FAA85	0.57%	1.39%	N/A	N/A	N/A

Class of Instrument	Listed Derivatives – Futures, Options				
Notification if <1 average trade per business day in the previous year	Yes				
Top 5 execution venues ranked in terms of trading volume (descending order)	Proportion of volume traded as percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Morgan Stanley Europe SE 54930056FHWP7GIWYY08	100.00%	100.00%	N/A	N/A	N/A

Class of Instrument	Credit Derivatives				
Notification if <1 average trade per business day in the previous year	Yes				
Top 5 execution venues ranked in terms of trading volume (descending order)	Proportion of volume traded as percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Morgan Stanley Europe SE 54930056FHWP7GIWYY08	100.00%	100.00%	N/A	N/A	N/A

Class of Instrument	Currency Derivatives – FX Forwards				
Notification if <1 average trade per business day in the previous year	Yes				
Top 5 execution venues ranked in terms of trading volume (descending order)	Proportion of volume traded as percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Morgan Stanley Europe SE 54930056FHWP7GIWYY08	74.27%	82.93%	N/A	N/A	N/A
The Northern Trust Company 6PTKHDJ8HDUF78PFWH30	25.73%	17.07%	N/A	N/A	N/A

4. ANALYSIS ON THE QUALITY OF EXECUTION OBTAINED

An explanation of the relative importance the firm gave to the execution factors of price, costs, speed, likelihood of execution or any other consideration including qualitative factors when assessing the quality of execution

FIEE exercises its discretion in determining the Execution Factors (and the relative importance thereof) that FIEE needs to take into account for the purpose of providing the Client with best execution, based on FIEE's experience and in light of the available market information at the relevant time.

The importance FIEE gives to the various execution factors will depend on the context of the order. In general, given that the majority of our order sizes are relatively small compared with market volumes, the overall price, including implicit costs, tends to be the most important execution factor. However, in some circumstances, FIEE may appropriately decide that other execution factors are more important than price.

Investment decisions are implemented as soon as reasonably practicable (subject to the execution factors listed in the Section 2.1).

Description of any close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders

FIEE does not have any close links or common ownerships with respect to any execution venues or trading counterparties used by FIEE's Portfolio Team for execution. FIEE's Execution Policy requires that execution venues and trading counterparties can only be used where they have been approved by FIEE's Board of Directors.

A description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received

There are no specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received.

An explanation of how order execution differs according to client categorisation, where the firm treats categories of clients differently and where it may affect the order execution arrangements

FIEE only performs regulated activities for professional clients.

An explanation of how the investment firm has used output of a consolidated tape provider established under Article 65 of Directive 2014/65/EU

This is not applicable as FIEE does not make use of a consolidated tape provider.

An explanation of how the investment firm has used any data or tools relating to the quality of execution, including any data published under Delegated Regulation (EU) 2017/575

FIEE uses the data of from Portfolio Management System to monitor the quality of execution and the volume of orders executed on each trading venue or with each trading counterparty.