

CLIENT AWARENESS POLICY BEST EXECUTION

LAST UPDATE: APRIL 2026

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1. PURPOSE AND SCOPE

Kuylenstierna & Skog S.A. (the “Company”, “K&S”) is an asset manager providing a broad range of services to its clients. The Company also acts as a distributor of units in UCIs.

This Policy establishes the principles and criteria to ensure that clients of K&S are fully informed about the services provided, associated risks, costs, and their rights.

It is designed to comply with the provisions of MiFID II, CSSF Circular 22/817, and, more specifically, the Law of 5 April 1993 on the financial sector.

In addition, where relevant, this Policy is applied in conjunction with applicable AML/CFT obligations, in particular the Law of 12 November 2004 and related implementing measures, to ensure consistency between client knowledge and regulatory client due diligence requirements.

The Policy applies in first line to all client-facing staff and portfolio management activities, ensuring transparency, fairness, and regulatory compliance in all interactions with clients.

It defines the standards for:

- client communication,
- disclosure of information (including costs and charges),
- client classification,
- suitability and appropriateness assessment, and
- record-keeping,

in line with Luxembourg regulatory expectations and MiFID II requirements.

The Policy allows K&S not only to comply with regulatory requirements, but also to promote a culture of integrity among the persons involved in the provision of its services and to apply high standards of ethical conduct in the business relationships with its clients.

The Policy is applicable to all K&S employees, including the Branch as well as the Authorized Management. It is available on the shared drive and, where applicable, on the Company’s website.

It is reviewed on an ad-hoc basis whenever required, in particular in case of regulatory developments or material changes to business activities.

Any updates are presented to the Board of Directors during Board Meetings for approval and oversight.

The Policy covers retail and professional clients as defined under MiFID II.

2. SUITABILITY AND APPROPRIATENESS TEST

In accordance with Articles 24 and 25 of MiFID II, K&S performs suitability and appropriateness assessments depending on the nature of the investment service provided. Investment services requiring such assessments include:

- advised services (investment advice and portfolio management), and
- non-advised services (execution-only services, including order execution or primary market placement of financial instruments).

The suitability assessment is a process developed to ensure that investment services such as investment advisory services or portfolio management services are suitable for the client.

This includes ensuring that recommendations are aligned with the clients´

- investment objectives,
- financial situation (including ability to bear losses), and
- knowledge and experience.

K&S obtains the necessary information from both retail and professional clients prior to providing such services.

The assessment is conducted:

- prior to the provision of the service, and
- on an ongoing basis where a continuous relationship exists (e.g. portfolio management), including periodic reviews and updates of client information.

K&S ensures that the information collected is:

- sufficiently detailed and reliable,
- appropriately documented, and
- regularly updated where necessary.

Where insufficient or outdated information is available, K refrains from providing investment advice or portfolio management services.

The appropriateness assessment is a process developed to ensure that non-advised investment services (execution-only) are appropriate for the client.

For retail clients, K&S assesses whether the client has the necessary knowledge and experience to understand the risks involved in relation to complex financial instruments.

Professional clients are presumed to have the required level of knowledge and experience for the products and services for which they have been classified as professional clients, unless K&S becomes aware of circumstances indicating otherwise.

Where a product or service is assessed as not appropriate, K&S issues a clear and standardized warning to the client prior to the execution of the transaction.

A similar warning is issued where the client does not provide sufficient information to enable K&S to perform the appropriateness assessment.

K&S has produced a Suitability test and an Appropriateness test to be filled in taking into consideration the above information.

Please find the templates of the forms below.

Suitability test Advisory

Client name: _____

Account number: _____

Client scorecard (risk base report): Low Medium High

Advised transaction (to be repeated in case of several advices)

Type of transaction: Buy Sell Hold Other

Security's name: _____

Quantity: _____

Currency: Choose an item.

Outline of the advice and how it meets the client's personal circumstances

Knowledge and experience: OK Not OK (if not OK, the transaction is stopped)

Explanation: We believe this advice meets your risk profile (personal circumstances in terms of objectives, investment horizon and capacity to bear losses)

Expected adequacy of the portfolio with the client's risk profile after the proposed transaction (s)

According to our simulation: Your portfolio will remain in line with your risk profile
 Your portfolio will become more in line with your risk profile
 Your portfolio will not be in line with your risk profile (in this case, the transaction is stopped)

Date and time:

Type of client contact: visit telephone email fax

Confirmation by client signature _____ sent by email

Date:

Appropriateness test Advisory

Client name: _____

Account number: _____

Advised transaction (to be repeated in case of several advices)

Type of transaction: Buy Sell Hold Other

Security's name: _____

Quantity: _____

Currency: Choose an item.

Outline of the advice and how it meets the client's personal circumstances

Knowledge and experience: Yes¹ No²

Explanation: ¹ "We have concluded before your transaction that this product / service was **appropriate** to your investor profile"

² "You do not have the required knowledge and/or experience for this transaction." Abandon the order, or fill in an investor rationale

If client insists, inform and warn client: "We have warned you before the trade that this product / service was according to our information not appropriate to your investor profile, or that we had not received enough information to determine its appropriateness. However, you indicated to us that you still wanted to execute this transaction despite this warning."

Investor rationale: Add rationale _____

Date and time:

Type of client contact: visit telephone email fax

Confirmation by client signature _____ sent by email

Date:

3. 10% LOSS REPORTING

3.1 Background and Scope

In accordance with Article 62 of Commission Delegated Regulation (EU) 2017/565, K&S informs clients where it provides discretionary portfolio management services when the overall value of a portfolio depreciates by 10% or more.

Such notification is made:

- no later than the end of the business day on which the threshold is exceeded, or
- where the threshold is exceeded on a non-business day, by the close of the next business day.

Subsequent notifications are required at each additional 10% loss (i.e. 20%, 30%, etc.) within the same reporting period.

K&S has implemented automated monitoring controls within its portfolio management systems to identify any 10% loss events.

The control is performed on a daily basis based on the latest available portfolio valuations received from Nordnet Bank. The other custodian banks do process this control automatically and directly in their systems.

The valuation of the portfolio at the beginning of each reporting period is adjusted for:

- inflows, and
- outflows,

to ensure an accurate calculation of performance.

The **Account Managers** and/or **Administration team** are responsible for:

- reviewing daily alerts generated by the system, and
- ensuring that any identified breaches are assessed without delay.

The **CCO**, and in her absence the **Authorized Management**, perform oversight controls to ensure that:

- the monitoring is effectively performed, and
- notifications are sent to clients within the required timeframe.

3.2 Monitoring and Controls

The control is made automatically by the system daily around noon, based on the end-of-day figures for the previous banking day.

The valuation will be based on the valuation provided by Nordnet in the daily data feed. The overall value of the portfolio at the beginning of each reporting period shall be adjusted by inflow and outflow when making the daily report.

The system will show a popup for all users if there are any outstanding loss reports. Reported breaches will remain breach and show as popup, until appropriate action has been taken for the relevant warnings.

3.3 Client Notification

Where a 10% loss threshold is reached, K&S notifies the client in a **durable medium** without undue delay.

The notification includes:

- the extent of the loss,
- the relevant reporting period, and
- any additional contextual information deemed appropriate.

Where insufficient or inaccurate data is identified (e.g. incorrect valuation data from Nordnet), K&S ensures that appropriate corrections are made prior to issuing the notification, and such cases are properly documented.

3.4 Operational Framework

K&S relies on automated systems (including CRAM) to:

- calculate portfolio performance on a daily basis,
- identify threshold breaches, and
- maintain an audit trail of alerts, actions taken, and client notifications.

Access to validation and override functionalities is restricted to authorized personnel.

All actions taken in relation to 10% loss events (including notifications, justifications, and any overrides) are documented within the system.

3.5 Data Quality and Exceptions

K&S acknowledges that the accuracy of the 10% loss calculation depends on the quality of data received from Nordnet.

Where limitations in data (e.g. missing or incomplete transaction values) may lead to incorrect calculations:

- manual adjustments may be performed where appropriate, and
- the calculation is revalidated prior to client notification.

All such adjustments are documented and subject to appropriate controls.

4. BEST EXECUTION

4.1 General Principles

At the onboarding stage, K&S incorporates the Best Execution principles.

Clients are provided with clear and comprehensive information regarding these principles prior to entering into the agreement. Such information is explained to the client, where appropriate, and the client's acknowledgement and acceptance are formalised through the execution of the relevant agreement.

Where applicable, K&S informs the client that it may execute orders outside a trading venue. K&S informs the client of the consequences of such execution, including, for example, counterparty risk arising from execution outside a trading venue.

Upon client request, the Company provides additional information about the consequences of

this means of execution.

K&S also provides a clear and prominent warning that any specific instruction from a client may prevent the Company from taking the steps that it has designed and implemented in its client awareness policy to obtain the best possible result for the execution of those orders, in accordance with Article 66 of Commission Delegated Regulation (EU) 2017/565.

When executing orders on behalf of clients, K&S takes all sufficient steps to obtain the best possible result for its clients in accordance with Article 27 of MiFID II and the related provisions of Commission Delegated Regulation (EU) 2017/565.

This includes consideration of:

- price,
- costs,
- speed,
- likelihood of execution and settlement,
- size,
- nature of the order, and
- any other relevant consideration.

Where the client provides specific instructions, K&S executes the order in accordance with those instructions, which may limit the Company's ability to achieve the best possible result.

K&S does not receive any remuneration, discount, or non-monetary benefit for routing client orders to a particular execution venue or counterparty, in a way that would conflict with its duty to act in the best interest of the client, in accordance with inducement and conflicts of interest requirements under MiFID II.

A dedicated **Conflicts of Interest Policy** is available to all staff on the Company's shared drive.

K&S **selects brokers, custodians, and execution venues** based on their ability to **provide best execution** on a consistent basis, taking into account regulatory status, execution quality, financial soundness, and operational efficiency.

K&S ensures that all selected counterparties are subject to appropriate regulatory supervision.

K&S monitors the effectiveness of its execution arrangements on a regular basis to ensure that they consistently deliver the best possible result for clients. Where deficiencies are identified, appropriate corrective measures are taken.

The execution policy is reviewed at least annually, as well as upon the occurrence of any material change. Any updates are **submitted to the Board of Directors** for acknowledgment, review, and approval prior to being published on the Company's website.

4.2 Execution venues and orders

The execution of orders is performed via various channels, including:

- electronic platforms (e.g. Bloomberg Terminal),
- custodians' or brokers' online platforms, and
- telephone instructions where appropriate.

Settlement of transactions is performed through the custodians' systems.

Where orders are executed by custodians or brokers, the Company monitors execution through available systems (e.g. Bloomberg) and receives confirmation from the executing counterparty upon execution.

Execution confirmations are received via electronic systems or other agreed communication channels.

Once the transaction is settled and booked on the client account, it is reflected in the daily operations list and subject to control by the relevant functions (e.g. Administration team) to ensure accurate settlement.

Execution venues are selected by experienced account managers based on the criteria set out in Section 4.1, with the objective of achieving the best possible outcome for the client.

Given the size of K&S and the volume of transactions, orders are generally executed in chronological order, unless the characteristics of the order or market conditions require otherwise to ensure best execution.

For discretionary portfolio management clients, K&S determines the timing of investment decisions based on its professional judgment and market opportunities, in accordance with the client's mandate and best execution obligations.

4.3 Informing clients

K&S provides clients with appropriate information on:

- its execution policy,
- the execution venues used, and
- how client orders are executed.

Clients are informed of any material changes to the K&S's execution arrangements.

If a client, or authority, wishes to receive information on that K&S has executed the orders in accordance with section 4 of this Policy, the Company shall provide the information.

Upon request from a client or a competent authority, K&S demonstrates that it has executed orders in accordance with this Policy and applicable regulatory requirements.

Where a conflict of interest arises in relation to the execution of orders or the choice of execution venue, the Company discloses the nature and source of such conflict to the client in accordance with its Conflicts of Interest Policy.