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# APPENDIX E: BEST EXECUTION POLICY

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## Order Execution Policy (OEP)

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### Introduction

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The Firm is authorised and regulated by the Financial Conduct Authority (FCA). The Firm undertakes portfolio management for a range of clients with a mixture of strategies, and its permissions enable it to: advise on investments; arrange deals in investments; deal in investments as agent; make arrangements with a view to transactions in investments; and manage investments. All of these are in relation to Professional Clients (as defined by FCA rules).

As a portfolio/investment manager, the Firm makes the decisions to deal and subsequently approves and/or transmits decisions on behalf of its clients. Given the nature of the underlying investments, the Firm does not carry out dealing on its clients' behalf and does not deal on the Firm's own account. The Firm is an investment firm and as a result of the above permissions and activities undertaken, it falls under the Market in Financial Instruments Directives and Regulations (MiFID I, MiFID II and MiFIR) and the Alternative Investment Fund Managers Directive (AIFMD). Investment firms are required to ensure that they take all sufficient steps to deliver the best possible result when executing orders on behalf of clients, taking into account the execution factors, including the type of financial instrument to be executed. The best execution requirements are set out in the FCA Handbook under [COBS 11.2A](#) for MiFID investment management activities and [COBS 11.2](#) for AIFM activities.

When providing the service of portfolio management, the Firm will always act in the best interests of its clients when placing orders with other entities for execution. Those orders result from decisions by the Firm to deal in financial instruments on behalf of its clients.

### Purpose

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As required by FCA regulations, the Firm has developed this order execution policy (OEP) setting out the arrangements that the Firm has in place to comply with this best execution obligation in relation to investment dealing and managing carried out in the Firm's name, either for its own clients or for those of its advisory ARs. The OEP also includes the Firm's procedures for client order handling. The auxiliary purpose of setting out its OEP is in order that the Firm is able to communicate its policy to clients as appropriate and to obtain their consent. The rules apply to all financial instruments. However, how this is achieved and evidenced may vary depending on the type of financial instrument involved.

In particular the following details must be provided in good time prior to the provision of the service:

- An account of the relative importance the Firm assigns, in accordance with the execution criteria, to the execution factors, or the process by which the Firm determines the relative importance of those factors.
- A list of the [execution venues](#) on which the Firm places significant reliance in meeting its obligation to take all sufficient steps to obtain, on a consistent basis, the best possible result for the execution of client orders.
- A clear and prominent warning that any specific instructions from a client may prevent the Firm from taking the steps that it has designed and implemented in its execution policy to obtain the best possible result for the execution of those orders in respect of the elements covered by those instructions.

This will be done as part of the Firm's client agreement, i.e. investment management agreement.

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## Obligation

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Any staff member with the authority and/or responsibility to place orders (i.e. the person with the client-dealing FCA Certification Function directly appointed by the Firm) must ensure that, in placing orders, they always act in the best interests of each client. This is achieved by following the approach set out in this policy, unless it can be demonstrated that a better outcome for that client in that transaction can be achieved via an alternative approach. In the event of employing such an alternative approach, the individual must record and report the circumstances to the Compliance Officer, who will consider whether amendments to this policy are required.

In so far as the Firm receives specific instructions from a client in relation to a transaction, those instructions supersede its OEP. Execution of such an order must comply with the client instructions and, where not covered by the client's instructions, with this OEP as appropriate in the context of the client's instructions.

The Firm may be involved in the transmission or execution of transactions in all types of financial instrument, according to the trading strategies followed. However, given the nature of its clients, at present these are traditionally in unlisted securities rather than securities listed on a stock exchange. In such circumstances, brokers are also unlikely to be involved.

In the unlikely event that any trading in listed securities takes place, when determining the approach to achieving best execution, the client dealing staff must decide whether the Firm will execute the trade itself via direct market access (DMA), or whether the transaction will be transmitted to an executing broker/counterparty. This is the initial step in ensuring best execution is provided. The decision is taken with reference to the 'execution factors' and the 'execution criteria', set out in the following sections.

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## Execution Factors

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The execution factors are the issues that the Firm must consider when undertaking to deliver best execution. They constitute the differing considerations that can be given precedence in the trading process, dependent on the individual situation. The Firm's OEP aims to set out the process for determining the relative importance of each of the execution factors in relation to each trade. The factors to be considered are:

- Price.
- Where relevant, broker/counterparty's relevant expertise related to specific instruments traded.
- Speed of execution.
- Transaction costs, including fees and commissions.
- Likelihood of execution and settlement.
- Size of the order.
- Nature of the order.
- Market impact.
- Other considerations relevant to the order.

The relative importance to the client of each of the above will help to establish best execution. Although other execution factors may, in certain circumstances, be more important than price in obtaining best execution on a client by client basis, it is generally assumed that price will be the first priority.

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## Execution Criteria

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If executing a client order, the Firm must take into account the following criteria for determining the relative importance of the execution factors:

- The characteristics of the client.
- The characteristics of the client order.

- The characteristics of the financial instruments that are the subject of that order.
- The characteristics of the execution venues to which that order can be directed.

Through the careful application of these execution criteria, in each instance the priority of each execution factor will be determined. This is set out in further detail below.

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### Use of Broker/Counterparty or DMA

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A key aspect of delivering the best possible result to the client and therefore integral to the OEP is how the decision is taken as to whether to use a broker/counterparty or whether to use DMA. As described above, given the nature of the firm's activities, transactions involved either brokers or DMA are unlikely. However should this be relevant, there is also another consideration within each of these 2 options as it is likely that there will be more than one suitable broker/counterparty/venue.

The Firm will consider the full cost and commission implications of each method where there are competing options. The Firm has no internal commission structure which could lead to influence by favouring one avenue at the expense of another – the charges for commission will reflect those charges the Firm incurs.

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### Selecting Which Venue or Broker/Counterparty

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For each of the instruments listed in [Appendices i and ii](#) below, once any decision to deal has been taken, the choice must first be made as to whether to use a broker/counterparty or to execute the transaction directly with the market (if relevant). This decision will be unique to the instrument and will be based upon the relative importance of the execution factors and execution criteria.

The circumstances of the transaction will determine the priority given to these execution factors. In considering that priority, the Firm will take account of the characteristics of the financial instrument, the market in question and the circumstances of the order, including any criteria peculiar to the fund. Generally the Firm will treat price as the highest priority with costs as the next factor to differentiate between markets and/or brokers/counterparties. However, where the Firm considers that there is any reduction in the likelihood of successful execution or settlement through a particular broker/counterparty or market, it will avoid trading through such an entity. Furthermore, in circumstances where price movement is rapid and any delay considered likely to be disadvantageous to the client, the Firm will treat speed as the priority factor, over and above considerations of price and cost. Again given the nature of the firm's business, it is unlikely to be involved in trading price volatile securities.

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### Considerations Relating to Counterparty/Broker Expertise and Illiquid Stocks

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In the circumstances where the nature of the stock in question presents challenges to successful execution due to obscurity, under-researched markets, illiquidity or small capitalisation, the Firm's policy would be to engage a broker/counterparty for such a transaction. In selecting the appropriate broker/counterparty the priority factor will be their expertise in relation to the stock in question on the grounds that this will result in the best overall execution in terms of achievement of execution and price, albeit that cost – especially the broker's commission – may not be the most competitive and is de-prioritised.

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### Considerations Relating to Commission Rates

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The Firm's policy on broker commission rates is quite simply to select the broker/counterparty with the lowest rate. By direct extension, where commission can appropriately, without client disadvantage, be avoided altogether, it is the Firm's policy to deal in that way.

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### Considerations Relating to Large Transactions

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Where a transaction is large in comparison to the normal market size for that stock, it would be the Firm's policy to use a broker/counterparty to manage the execution of the transaction. In these circumstances, the Firm's priority factor will normally be either the broker's/counterparty's ability to complete the transaction successfully or price. Consequently, the costs of transaction in terms of the broker's/counterparty's commission will be attributed a relatively low priority, reflecting the importance of selection of a broker known to be expert at achieving execution in these circumstances.

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### Considerations Relating to Speed of Transactions

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When the price of the contemplated stock is moving quickly, either as a result of news relating specifically to that issuer or because of wider market movement, speed of execution will usually be the priority factor. The achievement of speedy execution is achieved either through an appropriate DMA (although this is less likely), if available, or a large broker/counterparty known to be capable of achieving fast execution in the circumstances and in the stock in question. Second to speed will be successful execution, followed by cost. In these circumstances the price factor is inevitably de-prioritised.

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### Considerations Relating to Speed of Settlement

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In the comparatively unusual situation that the speed of settlement is of material importance, that factor will be prioritised above costs of transaction and price. As a means of procuring speedy settlement, it will normally be necessary either to select an execution venue which provides fast settlement terms as standard, or to negotiate with a broker/counterparty for special settlement terms. Usually, this latter route will result in the selection of a substantial and well capitalised broker/counterparty capable of providing such a service, notwithstanding that they might not be the most cost competitive. In exceptional circumstances, settlement may be delayed, and this will be agreed between the Firm and the relevant broker/counterparty at the time of transmission. In these circumstances, the speed of settlement is inevitably de-prioritised.

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### Considerations Relating to Geographical Location

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In the selection of any broker/counterparty/venue, geographical location may sometimes be a material consideration. Where appropriate, in order to minimise the cost of transaction, it would be the Firm's policy to use a DMA to which it has access. In practical terms this will usually only apply in geographical locations where well-developed markets exist. In the circumstances of a stock of some obscurity, the use of a broker/counterparty with known expertise in relation to that stock, and wherever geographically it is traded, will usually be the preferred means to ensure successful execution and best price, but recognising that the broker/counterparty may not be competitive on cost.

In other circumstances, transactions will generally be arranged through a UK based broker/counterparty where the Firm is able to procure competitive commission rates and has reason to believe that the broker/counterparty is competent to execute the transaction in question, thus prioritising satisfactory execution, price and cost in that order.

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### Considerations Relating to Linked Transactions

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Special consideration would be needed where 2 or more transactions are linked, i.e., when dealing in an instrument and placing a corresponding derivative transaction on the same underlying instrument, e.g., when holding a convertible bond and shorting the equity. This scenario is considered very unlikely taking into account the nature of the Firm's business activities. Nonetheless, in these circumstances the Firm's priority would be, by combining the transactions and placing them with a single broker/counterparty, to avoid unnecessary exposure to the client. In doing so, the Firm will, for the combined transaction, prioritise

likelihood of successful combined execution, price for the convertible element, and overall cost. However, for the secondary equity transaction, the Firm would be prioritising price, which must match on both transactions, and speed, which is required in order to prevent the risk that price movement might remove the scope for the required matching, but de-prioritising costs, which may not be competitive if looked at in isolation, or which otherwise may not result in a successful hedge or offsetting position.

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## Considerations Relating to Collective Investment Schemes

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The Firm does not deal for clients in the shares/units of hedge funds. If this changes, any variations on the Firm's best execution arrangements for such transactions will be detailed in this policy for any relevant client.

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## Details of Brokers/Counterparties and Venues

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As set out above, the selection of venue/broker/counterparty will result from the prioritisation of the execution factors as appropriate for the individual transaction. [Appendices i and ii](#) set out the Firm's view of the various aspects of each venue/broker/counterparty that are ordinarily authorised for use. It is acceptable in some circumstances, as explained above, for price and/or cost not to be the highest factors. However, where the decision is taken that other factors have higher priority in the context of an individual transaction, a record is to be made, as part of the transaction record, of that decision and the rationale for it.

Any amendment to the broker/counterparty and venue details set out in the appendices are to be notified to the Compliance Officer.

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## Client Consent

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The Firm is required by the regulations to obtain the consent of each client to the Firm's execution policy where relevant. Unless the client advises to the contrary, the Firm will deem that consent to have been provided within the relevant investment management agreement.

Additionally, before the Firm is permitted by the regulations to execute transactions on behalf of clients outside of a regulated market or a multilateral trading facility (MTF), the Firm must receive from them their prior express consent which must take the form of positive confirmation, usually their signature in acceptance of the summary OEP.

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## Changes to This OEP

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In the event that the Firm amends this OEP in such a way as to bring about a material change, it is the responsibility of the Compliance Officer to ensure that the Firm notifies its clients of that change. A material change is one where its disclosure is necessary to enable clients to make a properly informed decision about whether to continue utilising the Firm's services. Immaterial changes will not be the subject of a notification.

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## Client Instructions

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As set out above, in the event that specific instructions are received from a client in respect of the execution of a transaction, the Firm is deemed to have complied with its best execution obligations by following those specific instructions. Clients must not be induced to give specific instructions in order to remove the need for the provision of best execution.

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## Evidence of Best Execution

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The Firm is obliged by the FCA rules to be able to demonstrate to its clients, at their request, that it has executed transactions in accordance with this OEP. It is therefore essential that transaction records provide adequate details for this purpose.

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## Monitoring and Review of Execution Arrangements and Policy

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To ensure that this OEP remains appropriate and in line with the requirements, the Compliance Officer will ensure that it is reviewed annually by the Governing Body of the Firm. A review will also take place in the event of any change of circumstances which may affect the Firm's ability to achieve best execution.

This would include a review of available execution venues to confirm that the venues continue to be appropriate for consideration in achieving best overall results on execution of orders.

It would also include a review of access providers to determine whether they continue to provide access on appropriate terms. Each provider would be assessed and those falling below the necessary standard are required to improve their performance or cease to be used by the Firm.

The dates and details of any changes to the best execution policy, execution venues or brokers/counterparties will be documented by the Compliance Officer.

If relevant, the Firm will undertake more frequent compliance monitoring to determine whether any transactions executed within the scope of this policy have been conducted in accordance with the policy.

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## Client Order Handling

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The Firm must comply with FCA rules regarding the handling of client orders. These rules include provisions on timing, allocation, aggregation and record-keeping. As general principles, relevant members of staff must ensure that all client orders are:

- Executed expeditiously upon receipt.
- Accurately recorded and allocated.
- Carried out sequentially and promptly.

### *Order Allocation and Aggregation*

[COBS 11.3.7A UK](#) requires the Firm to have an order allocation policy (OAP) to ensure the fair allocation of aggregated orders and transactions between clients. A description of the Firm's OAP is detailed below.

- The Firm is not authorised to deal on its own account; it may only place deals on behalf of its clients and in accordance with its personal account dealing rules.
- If the Firm has aggregated 2 client orders, the executed trades will be allocated in accordance with the Firm's allocation procedure. This procedure requires trades to be allocated based on AUM in each account at the time of the trade.
- Where relevant, client mandates should also be taken into account depending upon any different agreed strategies in each underlying investment management mandate and investment managers must record any reasons for non-pro-rata allocation.
- These procedures are designed to ensure that when the Firm aggregates a client order with another client's order and subsequently allocates the executions, it does so consistently in accordance with the FCA rules covering:
  - **Timely allocation:** Allocation will be promptly done by the broker when relevant.
  - **Fair allocation:** All clients will receive the same executed price or a volume weighted average where there is a series of executions.
  - **Re-allocation:** Any errors in allocation will be promptly corrected so as to not benefit any one client above another.
  - **Record-keeping:** Full documentation is available for all allocations and also, importantly, situations where the Firm's usual policy was not followed. These records are retained for a period of at least 5 years from the date of the transaction.



### *Failed Trades and Dealing Errors*

In the event the Firm identifies a failed trade (e.g. where the transaction has failed as a consequence of a systemic failure), and it is the fault of the Firm or a dealing error (e.g. where the trade was executed incorrectly), the Firm would undertake to ensure the clients affected are not disadvantaged. In the event that a loss is incurred as a result of correcting the failed trades or dealing error, these losses would be met from the Firm's own resources. In the event that a profit occurs as a consequence of this failure, these profits will be passed onto the relevant client(s). If relevant, the Firm will maintain a failed trades and dealing errors register, which is kept and maintained by the Compliance Officer.

The Firm will not keep a compliance record on late settled trades that do settle as per the original instructions (e.g. trade breaks) as these will not involve any loss. However, if there is a loss or ultimately the trade break 'fails', then the procedure noted above will be followed.

### *Client Limit Orders*

The Firm does not receive dealing instructions from clients and will not, therefore, accept client limit orders. The Firm may place limit orders, with brokers, on behalf of clients. These limit orders will not, where brokers are so instructed, be disclosed to the market as part of the pre-trade transparency provisions unless the Firm has given discretion to the broker in this regard, in which case the broker may choose to disclose them but only where the broker identifies it can only obtain best execution by doing so.

### *Record-Keeping: Client Orders and Transactions*

COBS 11.5A.2 UK requires the Firm to keep records of client orders and decisions to deal on relevant investments. COBS 11.5A.3/4/5 UK sets out the information that must be recorded and retained on record. The Firm acts as investment manager (with discretion), therefore, the following information must be recorded at the time a deal is transmitted to a broker or executed with a venue:

- Date and time.
- The name or designation of the client.
- Any person acting on behalf of the client.
- Buy/sell indicator.
- Financial instrument's name and code.
- Unit price.
- Currency.
- Quantity.
- Validity period.
- Unit notation.
- Type of order.
- Allocation between accounts (if appropriate).

Where relevant, the Firm will keep records demonstrating compliance with above requirements for at least 5 years.

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## **Glossary**

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**Client:** The fund or segregated account rather than the underlying investors within the fund.

**Direct market access (DMA):** DMA tools permit buy-side traders to access liquidity pools and multiple execution venues directly, without intervention from a broker/counterparty's trading desk.

**Execution venue:** An execution venue means an RM, MTF, a systematic internaliser, or a market maker or other liquidity provider or an entity that performs a similar function in a non-EEA country to the functions performed by any of the foregoing.



**Multilateral trading facility (MTF):** An MTF is a system that brings together multiple parties that are interested in buying and selling financial instruments and enables them to do so. These systems can be crossing networks or matching engines that are operated by an investment firm or a market operator. Instruments may include shares, bonds and derivatives. This is done within the MTF operator's system. The MTF operator is required to allow the interests of the buyers and sellers to interact, so that trades come about without unfairly intervening in the interaction of the interests. The description of MTF excludes bilateral systems where an investment firm enters into one side of a transaction effected using the system.

**Organised trading facility (OTF):** (From Article 4(1)(23) of MiFID II) A multilateral system which is not a regulated market or an MTF and in which multiple third-party buying and selling interests in bonds, structured finance products, emission allowances or derivatives are able to interact in the system in a way that results in a contract in accordance with Title II of this Directive.

**Regulated market (RM):** An RM is a multilateral system operated and/or managed by a market operator, which brings together, or facilitates the bringing together of, multiple third-party buying and selling interests in financial instruments - in the system and in accordance with its non-discretionary rules – in a way that results in a contract, in respect of the financial instruments admitted to trading under its rules and/or systems, and which is authorised and functions regularly and in accordance with the provisions of Title III of MiFID.

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#### Appendix i – Table of Brokers/Counterparties (at October 2024)

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(NB. As at the date of the Manual, due to the nature of management activities undertaken – focusing on private equity fund management and unlisted securities – no brokers are currently utilised or listed).

Name of Broker or Counterparty	Location	Commission Charged	Speciality	Undertaken to Provide Best Execution?	Other Cost Implications?

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#### Appendix ii – Table of Venues (at October 2024)

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(NB. As at the date of the Manual, due to the nature of management activities undertaken – focusing on private equity fund management and unlisted securities – no brokers are currently utilised or listed).

Venue	Abbreviation	Location	Instruments Traded	Specialisation	Regulated? By?	Trading Hours (GMT)