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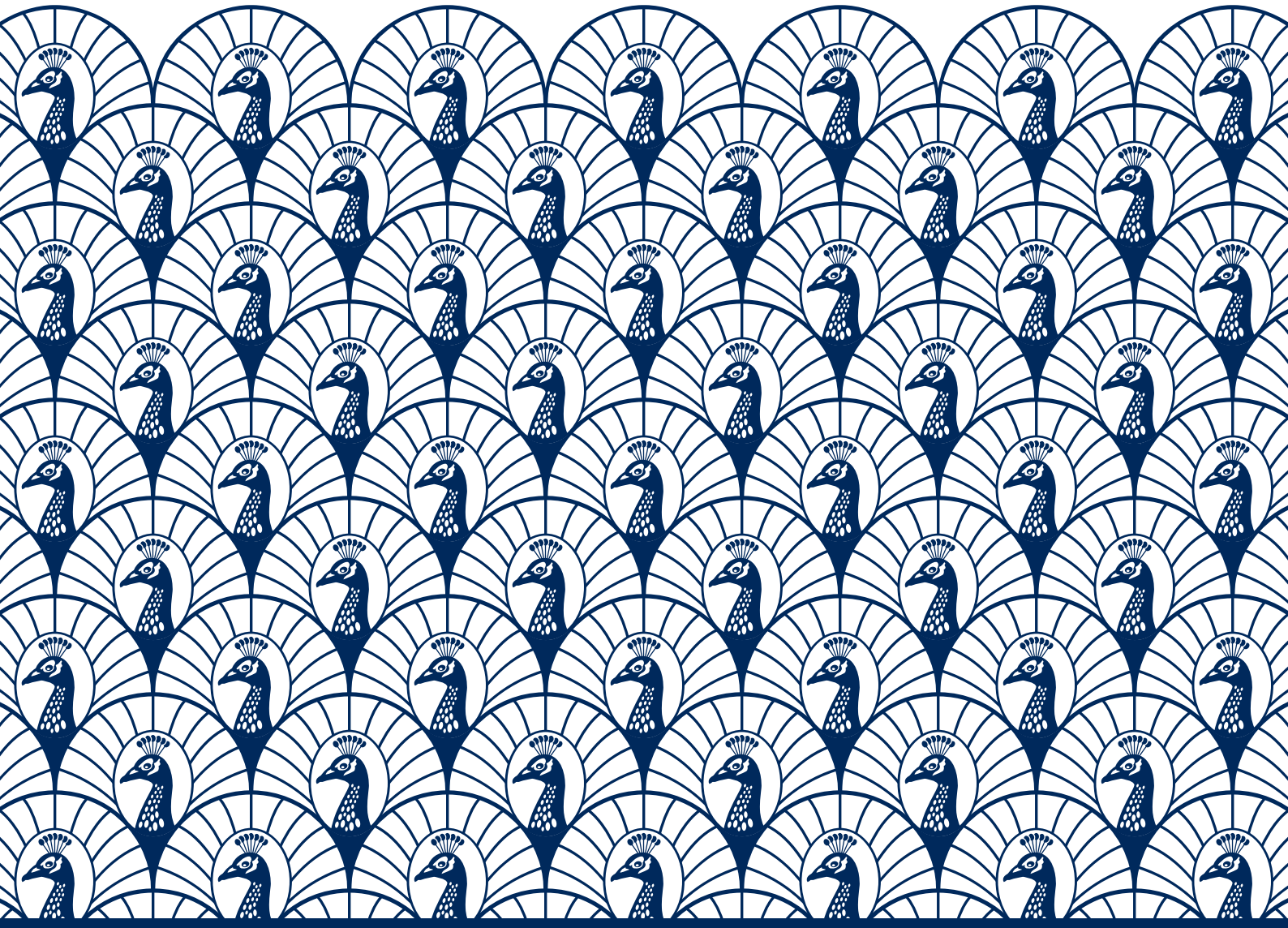

Best Execution Policy

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1. Definitions

Unless the client agreements otherwise require, the terms in this policy have the following meanings or definitions:

Brokers means an intermediary who has the license to buy and sell securities that is either an individual or party (brokerage firm) that arranges transactions between a buyer and a seller for a commission when the deal is executed.

DVP means Delivery versus Payment settlement.

Execution Venues means a regulated market (RM), a Multilateral Trading Facility (MTF), an Organised Trading Facility (OTF), a Systematic Internaliser (SI), or a Market Maker or other liquidity provider or an entity that performs a similar function in a third country to the functions performed by any of the foregoing.

FCA refers to the Financial Conduct Authority.

FX means Foreign Exchange.

LSE refers to the London Stock Exchange.

Market Makers means a person who holds himself out on the financial markets on a continuous basis as being willing to deal on own account by buying and selling financial instruments against that person's proprietary capital at prices defined by that person.

MiFID means Markets in Financial Instruments Directive 2014/65/EU (and together with Regulation (EU) No 600/2014 replaced Directive 2004/39/EC) as supplemented by the Delegated Regulation C (2016) 2398.

MiFID RTS 28 means Commission Delegated Regulation (EU) 2017/576 supplementing MiFID with regard to regulatory technical standards for the annual publication by investment firms of information on the identity of execution venues and on the quality of execution.

Multilateral Trading Facility or **MTF** means a multilateral trading facility operated by an investment firm, credit institution or a market operator, which brings together multiple third party buying and selling interests in financial instruments in a way that results in a contract in accordance with the provisions of MiFID.

NMPIs means Non-Mainstream Pooled Investments.

Organised Trading Facility or **OTF** means a multilateral system [that is not a RM or MTF] where multiple third party buying and selling interests in non-equity MiFID instruments (e.g. bonds, structured finance products and derivatives) are able to interact in a way that results in a contract in accordance with the provisions of MiFID.

Regulated Market or **RM** means a multilateral system operated and/or managed by a market operator, which brings together or facilitates multiple third-party buying and selling interests in financial instruments, 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 MiFID.

RFQ means Request for Quote. This is where we will ask for competing quotes from our approved Execution Venues in order to facilitate a transaction.

RSP means Retail Service Provider Network and refers to the network to communicate with some of our Execution Venues simultaneously.

Systematic Internaliser or **SI** means a firm which, on an organised, frequent, systematic and substantial basis, deals on own account by executing client orders outside an RM, OTF or an MTF without operating a multilateral system.

Trading Venue means an RM, an MTF or an OTF.

we, us, our means Arbuthnot Latham & Co., Limited.

2. Purpose of the Policy

This Policy is issued pursuant to, and in compliance with the requirements of MiFID and its purpose is:

- to establish procedures that will enable us to take all sufficient steps to obtain on a consistent basis the best possible result for the execution of client orders (or receiving and transmitting orders with other entities for execution);
- to identify the entities with which the orders are executed, placed or to which we transmit orders for execution;
- to establish procedures for the selection of those Execution Venues and for the monitoring of the execution quality provided by them and, where appropriate, correct any deficiencies and highlight any material changes which will affect our ability to continue to obtain the best possible result for the execution of client orders;
- to enable us to demonstrate to clients, when called upon to do so, that our Best Execution Policy enables us to achieve the best possible result in the execution of client orders on a consistent basis.

3. Application of the Policy

3.1. General

Activities

This Policy applies where either we execute orders on behalf of clients, or in other circumstances where we have otherwise expressly agreed to accept such best execution obligations.

Client Scope

The procedures referenced in this Policy apply to both retail and professional clients without distinction and only to dealing in financial instruments (as defined in MiFID). We currently classify all investment clients as retail.

Receipt and Transmission of Orders

Execution of a client order means where we receive and transmit client orders to buy or sell a financial instrument to a third party for execution (an 'order') and where we request for quotes on behalf of clients. References to 'executing client orders' within this Policy therefore has this meaning.

3.2. Quote and Limit Orders

When we publish a quote or provide a quote on request and the client transacts with us based on that quote, please be aware that we may not be executing orders on the clients behalf (and so will not owe the client best execution). However, should the client provide us with an instruction, we will execute that in line with our best execution obligations. If that Instruction is a limit order this will be executed on the basis of the MiFID definition (execution at specified price limit or better), and we will not retain any slippage in the client's favour above or below the limit price.

3.3. Discretionary

Our best execution obligations include our decision to trade on the clients account and all trades are carried out in the best interests of the client as the client legitimately relies on us to protect his or her interests and all transactions adhere to this Best Execution Policy.

3.4. Execution Only

Where we are approached by a client to execute a trade on their behalf, and in the absence of specific instructions as detailed below, the order will be handled in line with this Policy.

3.5. Specific Instructions

Where the client gives us specific instructions as to the execution of an order, we will execute the order in accordance with those specific instructions.

Clients should be aware that, providing specific instructions in relation to the execution of a particular order may prevent us from taking the steps set out in our Best Execution Policy to obtain the best possible result for the execution of those orders in respect of the elements covered by those instructions.

Where a client's specific instruction only relates to part of the order, we will continue to apply our Best Execution Policy to those aspects of the order not covered by the specific instructions given by the client.

3.6. Fees and Commissions

The Policy requires all fees and commissions payable by the client to be recorded on a continuous basis to ensure transparency of costs and pricing. Commission arrangements are regularly reviewed to ensure they remain appropriate.

3.7. Disclosure

The Policy is summarised for our clients in our best execution client disclosure statement included in our Terms and Conditions.

4. General Principles of the Policy

The Best Execution Policy is underpinned by the following general principles:

- where it is determined that execution of client orders will be transmitted for execution to Execution Venues, it remains our responsibility (achieved through careful selection and ongoing monitoring of the Execution Venues) to ensure that the client obtains the best possible result on a consistent basis. Our current list of Execution Venues used is set out in Appendix 1.
- that, in its formulation, we have taken into account our client's knowledge and experience in the financial markets and the types of transactions and dealings we undertake for them. We have also taken into account general instructions given by our clients in client account documentation or otherwise. Specifically we have considered:
  a) the nature of the services we provide to our clients. These are predominantly discretionary investment management services, although other investment management services are available such as Execution Only.
  b) The nature of the instruments executed on behalf of our clients. These are predominantly cash, equities, bonds/gilts, collective investment schemes and other instruments. Some portfolios contain alternative investment products such as NMPIs, which include but are not limited to hedge funds, private equity funds and structured capital at risk products. In formulating our Policy, we have also taken into account that the majority of instruments executed on behalf of clients are securities listed on recognised investment exchanges.

5. How we provide Best Execution

5.1. Execution Factors

When we execute an order on behalf of a client, we will take all sufficient steps to obtain the best possible result for the client. We will take into account the following relevant execution factors:

- Price – for most liquid instruments, the market price will be the overriding factor in achieving best execution for the client;
- Size of the order and available market liquidity;
- Speed of execution;
- Execution costs, such as exchange execution and clearing fees;
- Likelihood of execution and settlement;
- Nature of the order; and
- Any other consideration relevant to the execution of the order, such as potential market impact.

Relative Importance

In determining the relative importance of the execution factors, we will use our commercial judgement and experience in light of the market information available and take into account the following characteristics:

a) The client;
b) The order;
c) The financial instruments that are the subject of the order; and
d) The execution venues to which that order can be directed.

There may be occasions where we will change the priorities given to the execution factors, and other factors other than price and cost should take precedent to achieve the best possible outcome for the client. For example, in times of severe market disruption or in the event of a system outage, speed and certainty of execution and settlement may be prioritised. In such circumstances, we will follow the processes and procedures in place and will consider whether or not our ability to continue trading has been materially affected by such disruptions.

5.2. Execution Venues

We do not operate a single Execution Venue policy. We choose the Execution Venue based on which venue will most likely provide the best overall result for the client.

As such, we may execute client orders:

- Directly on a RM of which we are a member;
- Using a broker supplied electronic trading product (algorithm) designed to access multiple execution venues and/or trade in line with a benchmark i.e. VWAP (Volume Weighted Average Price).
- With a third party investment firm, Brokers, and/or affiliates, with whom we have entered into an agreement for handling orders for RM, MTF, OTF, SI, MM and other liquidity providers;
- Outside a Trading Venue, where we have obtained the clients express prior consent before proceeding to execute the order. Please note that, whilst this may provide the advantage of an improved execution price and faster execution, additional risks may be incurred which are detailed below:
  a) Transactions will not be subject to the rules of a Trading Venue, which are designed to provide for fair and orderly treatment of orders;
  b) Transactions will not benefit from any additional but unpublished liquidity, such as hidden limit orders that may be available on Trading Venues;
  c) Executions will not benefit from additional pre and post trade transparency in respect of pricing and liquidity that is required to be published on Trading Venues; and
  d) For transactions executed away from a Trading Venue a settlement risk may be incurred as transactions will be subject to counterparty risk and will not be covered by the relevant clearing and settlement rules of the Trading Venue and relevant central counterparty clearing house;
- With Arbuthnot Latham, where we believe we can trade to the client advantage or at no disadvantage to the client;
- Where a financial instrument has only one possible Execution Venue, it will be assumed that we have achieved best execution.

The Execution Venues and Brokers we use are subject to monitoring and review by us to ensure that they continue to provide, on a consistent basis, the best possible result for clients and we also review the suitability of new Execution Venues. We may add or remove venues in accordance with our obligation to provide clients with the best execution outcome on a consistent basis.

In making this assessment we will consider information derived from our internal best execution monitoring tools and processes as well as execution quality data reported by Execution Venues under applicable regulatory reporting requirements. This will include the following factors:

- Price;
- Liquidity;
- Execution and clearing costs;
- Settlement reliability;
- Execution Venue trading controls; and
- Scheduled actions.

5.3. Execution Costs

In accordance with our Conflicts of Interest and Inducements policies, in executing client orders we do not receive any remuneration, discount or non-monetary benefit for routing client orders to a particular Execution Venue, which would infringe the requirements under MiFID. We do not partake in any payment order flow arrangements.

Adherence to these policies is monitored in accordance with the three lines of defence framework in operation at AL.

5.4. Execution Approach

Client orders for listed financial instruments are executed by us transmitting to and placing them with the Execution Venues and Brokers, which are on our approved list. Client orders in instruments that are unlisted are executed on an over-the-counter basis.

6. Order Routing

Client orders should be routed to the Execution Venue or intermediary determined in accordance with below.

6.1. Listed securities

With regards to client orders executed through the RSP network (Retail Service Provider Network), the facility is provided by Fidessa. The RSP polls a number of Market Makers and Brokers for the best price currently available for the stock in the quantity required utilising the best execution functionality of the system.

For some orders (for example those that are outside of normal market size), it may not be possible to deal through the RSP and as such we will execute the client order) with approved Execution Venues, Market Makers or Brokers in accordance with the list of Execution Venues at Appendix 1. These Execution Venues, Market Makers and Brokers have met the majority of the following applicable criteria:

- Agreed to classify us as a professional client or eligible counterparty;
- Reputation (some brokers may specialise in particular business, e.g. trading small cap stocks. The reputation of the venue for particular types of trading may therefore influence our selection);
- Settlement through recognised avenues;
- Intermediary reviewed by back office for settlement issues/ problems;
- FCA Regulated;
- LSE Member Firm;
- DVP Settlement Method;
- Maximum commission charge of 0.2% or the equivalent of £25 whichever is greater;
- Globally recognised Investment Exchange (RIE);
- Limit orders are executed in line with MiFID definition (execution at a specified price limit or better).

6.2. Collective investment schemes (not closed-ended)

Open-ended collective investments are purchased at, or as close as possible to Net Asset Value (NAV). Negotiations are undertaken at the outset of a decision being taken to invest in a specific collective investment scheme. At that stage, “best execution” is obtained through negotiations on terms and entry fees.

6.3. Structured products

A structured product is a bespoke investment vehicle that offers a combination of an element of capital protection (in some cases) with a degree of participation in the return from an underlying asset. The objectives of clients will be met either by using a tailored structure, or by using a general retail offering with a risk/reward profile designed to achieve a specific set of objectives.

The execution policy, prior to investment in structured products of this sort, is to review the market for schemes of the type fitting the client’s investment objectives and risk profile, and to ensure that the chosen product is price competitive and fair compared with alternative products offering similar characteristics. In many cases a secondary market is available; but a secondary market is not considered a necessity for the transaction to go ahead.

6.4. FX and Derivatives

The derivatives we currently regularly invest in are forward foreign exchange contracts. If it is deemed necessary to trade other types of derivatives, then the execution policy will be amended and any implications addressed at the time of the transaction.

Information on specific venues and why chosen

For foreign exchange spot and forward transactions, we will route orders through our Treasury service out to our approved FX counterparties via an RFQ platform. In times of extreme market stress we may facilitate transactions by acting as principal. In such circumstances, we will be the counterparty to each of our clients and we will be the Execution Venue for the purposes of each such transaction (Client Counterparty FX Transaction). We will review the quality of our own execution in the same way that we would for any other Execution Venue.

When approving our FX Counterparties, we evaluate a number of factors including:

- competitiveness of commission rates and spreads;
- promptness of execution;
- past history in executing orders;
- clearance and settlement capabilities;
- quality of service;
- willingness to commit capital;
- perceived creditworthiness, reputation and financial stability.

Information on how the execution factors (price, costs, speed, likelihood of execution and settlement, size and nature of the transaction) are given relative importance in the case of execution of foreign exchange transactions.

Where we enter into an FX Transaction, the execution factors will be determined by our execution factors.

For both spot and forward foreign exchange transactions with FX Counterparties, we will generally obtain competing quotes from our FX Counterparties.

For transactions with FX Counterparties, the predominant execution factor is obtaining the best price at the time of execution. Another highly weighted factor is the spread in two-way prices and (for larger transactions) currency availability. Quality of service from FX Counterparties will also be taken into consideration, including factors such as:

- clearance and settlement capability for the currencies involved;
- credit worthiness and financial stability;
- timely trading;
- bank/broker credit rating;
- long standing relationships; and
- (for larger transactions) ability to deal in large quantities.

6.5. Crossing of Trades

Where it is to the client's advantage, or at no disadvantage to the client, we may cross buys and sells between clients. Wherever possible this will be carried out via a broker and executed on a Trading Venue. However, in exceptional circumstances, we will consider carrying out the cross outside a Trading Venue and only in accordance with internal procedures.

7. Order Handling

The section below provides further explanation on how orders will be handled to ensure these are executed promptly, fairly and in due turn.

7.1. General Considerations

Upon receipt of an order, we will ensure the order is executed promptly and will be accurately recorded and allocated.

In the event we receive comparable orders from two or more clients, the orders will be executed promptly and sequentially unless the characteristics of the order or market conditions make this impracticable, or the interests of the client require otherwise.

Where we have the responsibility for arranging the settlement of an executed order, we will take all reasonable steps to ensure that any client financial instruments or client funds received in settlement of that executed order are promptly and correctly allocated and recorded to the account of the appropriate client.

Where there are any material difficulties that would prevent us from properly carrying out client orders we will, upon becoming aware, promptly inform clients of such difficulties. Please note the MiFID obligation only applies to retail clients, however we will endeavor to similarly inform professional clients on a best efforts basis.

7.2. Aggregation and Allocation of Client Orders

Where we are dealing on behalf of more than one client in the same security, we may choose to aggregate the order, however aggregation only occurs when the following criteria is met:

- It is unlikely that the aggregation of orders and transactions will work overall to the disadvantage of any client whose order is to be aggregated;
- It is disclosed to each client whose order is to be aggregated that the effect of aggregation may work to their disadvantage in relation to a particular order;
- Upon execution, any aggregated orders are fairly allocated taking into account the size of the order and price of the fills received;
- It is not our practice to aggregate client orders with any transactions for our own account. If this is to happen, for orders that have been partially executed, priority in allocation will be given to the client order and will be done in a manner that is not detrimental to the client. However, to the extent that we can demonstrate on reasonable grounds that without aggregating the order with an own account order, the transaction could not have been executed or executed on such favourable terms, then allocation may be made on a basis proportional to the relative size of the client and our own account order; and
- Should we determine that an allocation of a transaction for our own account, which was executed in combination with one or more client orders, requires reallocation, this will only occur where it is fair, reasonable and not to the detriment of clients.

7.3. Dealing Desk

All clients' orders are executed by an independent dealing desk that is centralised in the AL IM Operations Team.

7.4. Trade Timeframes

Trades are instructed to the Execution Venue within a reasonable timeframe and allowing for the venue being open. Orders in exchange traded instruments will normally be executed in order of time received but we may aggregate these as per our aggregation policy. Orders in instruments traded away from a venue (e.g. funds) will be dealt at the next available valuation point subject to internal cut off times. The dealing desk may delay transmission where it is believed that a better outcome for the client can be achieved based on other best execution factors.

7.5. Fairness of Price

For exchange traded securities, we will obtain fair price data, which is formed by the market, through Fidessa, Bloomberg, Factset or other product providers. Where the security is not listed on a venue, we will use reference pricing and in the case of bespoke products, valuation models issued by the issuer.

7.6. Limit Orders

Where a client instructs us to place an order at a specific price limit or better, and for a specific size (a limit order), it may not always be possible to execute the order under the prevailing market conditions. We are required to make the order public (show the order in the market) in such cases, unless the client agrees that we need not do so.

8. Monitoring

We monitor and review the continued effectiveness of our execution arrangements in accordance with the monitoring procedures described in the Best Execution Policy Review Process. In addition:

- Performance is monitored through post trade analysis, including transaction monitoring via the Fidessa system tool; transaction cost analysis of all trading to determine where best execution has or has not been achieved via Liquid Metrix, and on a risk based approach through the compliance monitoring programme and internal audit plan. Any material issues will be addressed in accordance with our internal governance policy. In addition, the criteria applicable to each type of financial instrument will be reviewed annually for changes.
- Reasons that could result in an Execution Venue, Market Maker or Broker being removed from the approved list include, but not limited to, reputational issues regarding financial stability, issues regarding settlement or other regulatory issues.
- All trading and trade monitoring data is retained in accordance with MiFID requirements and is available to clients upon request.
- The review process is documented and includes supporting results and conclusions. Where new Execution Venues are identified, these will be assessed to ensure that we can, on a consistent basis, obtain the best possible results when executing client orders. The client may request that we demonstrate that we have carried out the clients order in accordance with our Best Execution Policy.

9. Public Reporting Requirements

We summarise and make publicly available, on an annual basis, for each class of financial instrument traded, the top five Execution Venues in the preceding year and information on the quality of the execution obtained.

This information is made available on the Arbuthnot Latham website.

We will publish the percentage of passive/aggressive orders where required.

10. Governance

We have established internal governance processes to assess execution, order handling, execution monitoring and reporting. This governance is tasked to the Execution Review Committee.

The Execution Review Committee meets regularly to assess the effectiveness of these arrangements and to determine any changes or enhancements that may be required.

Appendix 1 – Execution Venues

AL uses the following Execution Venues and Brokers when obtaining best execution as defined by MiFID. This list will be subject to change as described in the Best Execution Policy and will be re-issued from time to time. AL may also use other Execution Venues or Brokers where it deems appropriate in accordance with the Best Execution Policy.

Name	**Class of Financial Instruments**
Arbuthnot Latham & Co., Limited	Currency Derivatives Foreign Currency Transactions
Barclays Bank	Currency Derivatives Foreign Currency Transactions
Canaccord Genuity	Equities – Shares & Depository Receipts
Cantor Fitzgerald	Equities – Shares & Depository Receipts

Cenkos	Equities – Shares & Depository Receipts
Commerzbank	Currency Derivatives Foreign Currency Transactions
Société Générale	Currency Derivatives Equities – Shares & Depository Receipts Exchange Traded Products Foreign Currency Transactions
Flow Traders	Exchange Traded Products
Investec Bank	Equities – Shares & Depository Receipts Exchange Traded Products
Jane Street Financial Limited	Exchange Traded Products
Jefferies	Equities – Shares & Depository Receipts Exchange Traded Products
JP Morgan	Equities – Shares & Depository Receipts Currency Derivatives Securitised Derivatives Exchange Traded Products
Goldman Sachs	Equities – Shares & Depository Receipts Debt Instruments Exchange Traded Products
Lloyds	Currency Derivatives Foreign Currency Transactions
Mirabaud	Equities – Shares & Depository Receipts Exchange Traded Products
Morgan Stanley	Currency Derivatives Securitised Derivatives
Numis	Equities – Shares & Depository Receipts
Optiver V.O.F	Exchange Traded Products
Stifel	Equities – Shares & Depository Receipts Exchange Traded Products
Panmure Gordon	Equities – Shares & Depository Receipts
Peel Hunt	Equities – Shares & Depository Receipts Exchange Traded Products
Shore Capital	Equities – Shares & Depository Receipts
State Street Bank	Currency Derivatives Foreign Currency Transactions
Susquehana International Securities Limited	Exchange Traded Products
Winterflood	Equities – Shares & Depository Receipts Exchange Traded Products Debt Instruments Other Instruments

For business. For family. For life.

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