

ORDER EXECUTION POLICY

This Policy applies to services provided to you by Exotix Capital (“Exotix”) referred to in our standard terms of business, as notified and amended from time to time. This Policy should be read in conjunction with Exotix’s standard terms of business.

Introduction

This document (“the Policy”) sets out the approach taken by Exotix in ensuring that the best outcome is obtained for its clients on a consistent basis when executing its client orders.

When providing a service to you in relation to financial instruments (as set out in Annex 1) Exotix will take all reasonable steps to achieve the best overall result for its clients.

This Policy has been updated to take into account new rules arising as a result of the implementation of the Markets in Financial Instruments Directive 2014/65/EU (“MiFID II”) that came into force on 3 January 2018. Other Financial Conduct Authority (“FCA”) Rules and Guidance have been taken into account in designing this Policy, as have other EU regulations and ESMA Guidance where appropriate.

This Policy applies only to the execution or transmission of client orders in Financial Instruments, as defined in MiFID II. FCA rules place a high-level obligation on firms to ensure that client orders are executed on terms that are most favorable to the client, which is referred to as the ‘best execution obligation’. MiFID II has further enhanced this standard by requiring that firms take ‘all sufficient steps’ to obtain the best possible result for its clients on a consistent basis when executing orders.

For the purposes of this Policy and in relation to the best execution rules more generally, the term “client order” should be understood to mean all orders in financial instruments, whether they are executed direct in the market or transmitted to another firm to execute on the Firm’s behalf, that are carried out on behalf of a client.

The nature of best execution obligations differs depending on whether the Firm is executing orders directly or whether orders are being transmitted to third parties (i.e. brokers) for execution.

The term “direct execution” is defined in this Policy as situations where the Firm interacts directly with other counterparties to the trade without going through a broker. In addition, it covers situations where the Firm uses its own membership of a Trading Venue, or otherwise places an order directly with an Execution Venue in order to execute the trade.

The term “indirect execution” is defined in this Policy as the practice of transmitting orders to brokers, for which the broker is then responsible for the execution of the order. These orders may be transmitted to other firms for execution by a variety of methods, including by telephone, Bloomberg chat, email, electronic order entry and transmission systems (e.g. FIX)

Policy Scope

This Policy applies to applicable clients and instruments when executing client instructions either directly or indirectly. As such, when providing execution services Exotix may operate under the following models:

- Matched Principle;
- Transmit orders to another entity for execution; or
- Agency.

Best Execution

Notwithstanding the intentions expressed above, Exotix does not undertake to provide “best execution” in the following circumstances:

Eligible Counterparties: If you are classified as an Eligible Counterparty, you will not be entitled to best execution under the FCA, or equivalent EU rules. This is in line with MiFID II Article 30.

Market Practices: for wholesale markets, it is normal market practice for buyers and sellers to “shop around” by approaching several dealers for a quote. In these circumstances, for professional clients, we will not provide best execution unless there is a legitimate reliance on Exotix to do so, taking following into consideration:

- The client did not initiate the transaction;
- The client does not have the ability to “shop around” (where the client can “shop around” there is no expectation that we will owe best execution);
- There is limited price transparency whereby ready access is not available to clients; and
- Where we have previously agreed through terms on the provision of best execution.

Where you do not have a legitimate reliance on Exotix we will not be in a position to provide best execution.

Given differences in market structure or the structure of a financial instrument(s), it may be difficult to apply a uniform standard of the procedures associated with providing best execution. In these circumstances Exotix will apply best execution by taking into account the different circumstances associated with the execution of orders with particular types of financial instruments.

Client Instructions: Where you provide Exotix with a specific instruction in relation to your entire order, or any particular aspect of your order, including an instruction for your trade to be executed on a particular venue, Exotix will execute the order in accordance with your instructions. However, please note that in following your instructions, Exotix will be deemed to have taken all reasonable steps to provide the best possible result for you in respect of the order, or aspect of that order, covered by your specific instructions.

Any specific instruction you give with regards executing an order, may prevent Exotix from implementing the steps laid out in this Policy, which have been designed to obtain the best possible results when executing orders.

Clients: Exotix will only deal with Eligible Counterparties and Professional Clients as defined in MiFID II and by the FCA. Exotix always intends to handle orders and expressions of interest in an equitable and consistent manner. Once a client is classified as an Eligible Counterparty for the purposes of a particular instrument, that client may not then elect to be reclassified for the purposes of any transaction of a type it customarily undertakes. Exceptional circumstances may be considered at the time, with the consent of Exotix (Exotix may decline to provide a service should a reclassification be requested).

Execution Venues: This Policy sets out the venues on which the Exotix will most regularly seek to execute your orders and which Exotix believes offer the best prospects for achieving the best possible results for you, taking into account the execution factors detailed below. When selecting venues, Exotix will review the best possible outcomes irrespective of the charges involved. Where there are any conflicts, the Firm will manage these accordingly (in line with appropriate policies) or disclose them.

The FCA and ESMA have clarified that it is permitted to rely on a single venue or broker to execute client orders. However, in order to demonstrate that best execution is being provided in this situation, firms must be able to show that its reliance on this single venue or broker provides the best possible result for its clients on a consistent basis, and the results are at least as good as could be obtained from relying on

The only exception to this will be where there is only a single venue or broker available in the market that is able to execute the class of instrument in question. In this situation, the Firm will rely on this entity for execution but will monitor the market for the emergence of other entities that can provide a similar function.

Where the Firm execute orders with connected parties, these will be treated pari-passu with other venues as part of ongoing venue reviews. The Firm will act independently of connected parties to ensure conflicts of interest are appropriately managed and ensure that Exotix is not restricted in its obligation to provide best execution. Where execution with connected parties' results in best execution and the Firm benefits from reduced costs, this will be credited to the client.

Exotix will ensure that no contractual arrangement it enters into with any venues or technology providers will prevent or restrict Exotix's selection of venues.

Selection of Execution Entities: Exotix is able to execute trades in the following:

- Non Exotix operated, Regulated markets, MTFs and OTFs;
- Non – EU venues;
- Systematic Internalisers; and
- Bilateral OTC.

Where we execute transactions in OTC markets we will check the fairness of price.

The Firm adopts appropriate processes and procedures for becoming a member or participant in additional execution venues, and for onboarding new third-party brokers. Exotix undertakes an assessment taking into consideration the following factors where appropriate:

- Regulatory status;
- Size;
- Creditworthiness;
- General Reputation;
- Amount of liquidity available;
- Availability of pre-trade transparency waivers;
- Execution latency;
- Clearing and settlement capabilities;
- Circuit breakers;
- Level and structure of fees and charges; and
- Any other relevant considerations, such as the ability to assist the Firm or its clients in fulfilling regulatory obligations.

Any potential conflicts of interest will be assessed at this stage, including any close links, affiliation or common ownerships, as well as the nature of any proposed fee arrangements including rebates or discounts. The Firm maintains a list of venues which it has approved for use.

On an annual basis, Exotix will conduct a review of venues for decisions regarding the adding and removing of venues from the approved list. This information will also be supplemented by the latest disclosures made by each venue under RTS 27.

The Firm is aware of the requirement to use the data published by any consolidated tape providers established under Article 65 of MiFID II. Since at the time of finalising this policy no such Consolidated Tape Providers existed and no relevant data had been published, no detailed procedures exist at this time for Exotix use and analyse this data.

Where a firm executes trades for clients, it is required to make an annual disclosure of the top five execution venues where orders were executed, broken down for each class of financial instrument traded. Where firms also execute trades indirectly by transmitting orders to other brokers, an equivalent disclosure of the top 5 brokers is also required. Where both direct and indirect execution takes place, these reports will be made separately

Execution Factors:

The first execution factor to consider is the probability of execution. The priority here will be to assess which execution venues and or brokers are capable of executing the order on the required terms. In normal market conditions, however this is a relatively straightforward exercise that will produce a range of equally ranked execution options for further consideration under the remaining execution factors. Situations where this assessment produces a very narrow range of options due to various special circumstances are considered further in the various scenarios set out below. Following this, and assuming a range of execution options exist, the highest priority factor is to obtain the best result for the client in terms of the total consideration for the trade, defined as the total price obtained minus any costs or fees. This will either be the highest total price or the lowest total price (net of costs and fees) depending on the direction of the trade. In most situations, this will be determined predominantly by the price achieved, although where the price offered by two or more execution venues or brokers are identical or within a narrow range, or cannot be reliably determined in advance, then the venue with the lowest overall cost of execution will be chosen. This analysis will include the implicit costs of the trade, such as slippage and market impact.

Where the Firm considers that it is able to take steps to reduce the costs of execution, and therefore improve the total consideration for the trade as defined above, then it will do so. Examples of this would include reducing the implicit costs of execution by reducing the market.

In the absence of express instructions from you, Exotix will take all sufficient steps when executing client orders to obtain the best possible result taking into account client specific instructions and the following:

- Price and Costs: Price will be given the highest relative importance for clients taking into consideration costs incurred to ensure that the outcome does not result in a negative price impact.
- Speed of execution: The speed at which execution takes place is defined by liquidity and method of execution. As part of obtaining the best outcome, unless instructed otherwise, speed of execution will rank below price when considering outcomes. This is based on our aim to select venues that maximize the likelihood of order execution. Order size and instrument liquidity may impact the speed at which execution occurs. Exotix endeavors to ensure there is no delay in maximizing the speed of order execution.
- Likelihood of execution and settlement: Likelihood of execution will be used within our venue selection process. We will select venues across all factors defined below to ensure the best possible outcome on a consistent basis. The relevant importance of this factor is considered above that of execution speed. Likelihood of execution has a medium high relevant importance.

Given the markets in which we operate, the risk of settlement is minimized and therefore this factor will be of low relative importance.

- Size, nature and characteristic of the order: Where instruments are sufficiently liquid and tradeable across competing venues, we will route orders to venues where the overall outcome will meet price and cost objective.
- Any other considerations relevant to the order: Where other relevant factors exist, we will discuss the relevance you place on these taking into account the above.

Other Considerations

- **Large Transactions**

Where the size of the order is large compared to the available liquidity in the market for the instrument in question, the execution criteria of 'size' will become of critical importance. This may mean that price and cost are deprioritised to an extent and that trades may be executed in a manner that prioritises achieving a higher executed quantity. The Firm will still make every effort to achieve the best possible price for the trade, and at the lowest cost, but this strategy may result in a worse average unit price being achieved than if a lower transaction size was settled upon. This process will take place within certain limits, to be determined at the time of placing the trade order, and it is unlikely that any transaction will ever be executed without any reference whatsoever to the price and cost.

- **Thinly Traded Markets**

Where instruments are not fungible and/or there are limited execution venues, we will focus on the likelihood and size of execution (and possibly speed, dependent on the external environment) to deliver best execution. For example, in thinly traded markets, where price points are not available the best result for the client may be achieved by focusing on the immediacy and likelihood of execution and settlement if only a single counterparty is willing to take the other side of the trade.

- **Volatile Markets**

Where markets are seen to be particularly volatile, either across the market as a whole or in relation to the particular instrument that is the subject of the trade order, then the speed of execution will be escalated with an importance. This is because in this situation the price could move rapidly against the Firm, or the liquidity could evaporate, meaning that any delay in execution could result in either a worse price being achieved or in the desired trade not being completed at all.

When the price of the relevant instrument is moving quickly, either as a result of news relating specifically to that instrument or because of wider market movement, speed of execution will usually be the priority factor. The achievement of rapid execution is achieved either through a DEA arrangements, if available, or a large broker/counterparty known to be capable of achieving fast execution in the circumstances and the instrument in question. Second to speed, will be successful execution, followed by the question of cost. In these circumstances, the price factor is inevitably de-prioritised.

- **Short Term Trading Opportunities**

There may also be situations where the nature of the investment opportunity identified is highly time-dependent. In this situation, explicit instructions may be received from the client requesting that speed of execution is given priority. Price will still usually be a high priority factor in this situation, as it will often be the potential for the price to move against the Firm over a short time period that results in the need to execute the trade quickly.

- **Market crises**

Where there is an interruption in trading at a major exchange, or the possibility of turbulent markets due to the failure of counterparties then the likelihood of settlement may be the execution factors focused on. The management, diversification and minimisation of counterparty risk may also become a critical issue in this situation.

- **Niche or specialist markets**

In the case of niche or specialist markets the range of available execution venues or brokers that are able to complete the trade may be more limited. In addition, the geographical location, relevant experience and track record of the broker in relation to the specific instrument that is the subject of the trade order is likely to become a deciding factor. In this case, price and likelihood of execution are likely to be more important, with the importance of cost lessened as it will be necessary to use the method of execution that has the highest chance of completing the trade.

- **Overseas or hard to access markets**

In relation to investments in certain overseas or otherwise hard-to-access markets, it may become necessary to select a third-party broker based on its geographic location and sector-specific expertise. In this situation, it is likely that the choice of brokers will be limited, and while the Firm will still focus on

achieving the best possible result for the client, this situation may lead to higher costs or a wider spread being obtained than would normally be the case.

- **Counterparty exposure**

On occasion, it may be necessary to alter the method of execution in order to manage the exposure of the Firm to a particular counterparty. This may be necessary either for general risk management purposes, as the exposure is deemed to be too concentrated, or due to a change in credit rating of a particular counterparty or other market events that require the Firm to reduce its exposure. This may on occasion result in a trade being executed with a counterparty other than the one that appeared to be offering the best price and cost.

Weightings of factors

Financial Instrument	Relevant importance
Equities	<ol style="list-style-type: none"> 1 Price and costs; 2 Likelihood of execution; 3 Speed of execution; 4 Size and nature and characteristics of the order; 5 Other considerations.
Fixed Income	<ol style="list-style-type: none"> 1 Price and costs; 2 Likelihood of execution; 3 Size and nature and characteristics of the order; 4 Credit; 5 Speed of execution.

Mark Up/Down

Where we conclude transactions on a matched principal basis, (a transaction where the facilitator interposes itself between the buyer and the seller to the transaction, in such a way that it is never exposed to market risk throughout the execution of the transaction, with both sides executed simultaneously, and where the transaction is concluded at a price where the facilitator makes no profit or loss, other than a previously disclosed commission, fee or charge for the transaction) Exotix will provide confirmation of the net price taking into account its disclosed mark up/down.

Over the Counter Transactions(OTC)

Where Exotix transacts business in over the counter products, and owes a duty of best execution, the Firm will gather market data, where available, or compare similar products or comparable products in establishing fairness of the price proposed.

Direct Electronic Access (DEA)

The Firm may use of direct electronic access arrangements, whereby the Firm is given direct electronic access to the trading venue via another broker and using that broker's membership of the trading venue. This enables the Firm to 'work an order' direct on the trading venue without any additional assistance or intervention from the third-party broker which provided this electronic access. This arrangement is referred to as DEA under MiFID II.

The Firm's DEA providers may employ automated order routing ("AOR") and smart order routing ("SOR") functionality. AOR functionality assists in determining the trading venues to which an order can be sent. SOR functionality allows firm's to efficiently access liquidity pools and different prices as well as availability of immediate execution at one or several execution venues. These algorithms provide optimisation of our order execution processes (including, to minimise implicit cost, slicing a trade into "child orders" or to determine the optimum time of submission of the order or the child orders so as to avoid market impact and information leakage). Our DEA providers will be subject to review.

Transmission of Orders to Brokers

In the event that it is decided to transmit the order to a third party for execution, a broker will be selected based on the Firm's assessment of the execution criteria in relation to that particular trade order, and in accordance with

its prioritisation of the execution factors. This will typically lead to the broker being selected that is expected to provide the most favorable outcome for the client in terms of the price/cost of the trade, although other factors will be taken into consideration. The broker will be selected from those available on the approved broker list. Brokers used will be subject to a regular review.

Execution of orders outside of a Trading Venue

The Firm will, on occasion, execute orders outside of a Trading Venue. This may occur in the instances outlined below:

- a fixed income trade arranged directly with the counterparty;
- an equity trade routed to and executed to a systemic internaliser;
- the negotiation of a bespoke financial instrument with an investor taking the other side of the transaction; or
- executing a vanilla equity on an exchange outside of the EEA and therefore not within the definition of a Trading Venue.

Governance and Oversight

Senior management shall have oversight of the Order Execution Policy, the underlying trading arrangements in place to provide best execution to its clients, and the first and second line monitoring undertaken to demonstrate best execution is provided by the Compliance Function.

The Executive Committee is responsible for ensuring our internal policies and procedures deliver best execution. The Compliance department is responsible for annually reviewing and if necessary updating the Order Execution Policy, monitoring the quality of execution obtained and seeking to identify trends in execution quality or potential deficiencies in our processes to deliver continual improvement in the execution quality obtained for our clients.

Monitoring and Review

Exotix will monitor the effectiveness of its order execution arrangements and best execution Policy in order to identify, and where appropriate, incorporate any amendments to its arrangements. Exotix will assess, on a regular basis, whether the execution venues included in the best execution Policy provide for the best possible result for its clients, or whether Exotix needs to make changes to its execution arrangements. Exotix will review its order execution arrangements and best execution Policy at least annually or whenever a material change occurs that affects its ability to continue to obtain the best possible result for the execution of client orders on a consistent basis using the venues included in its Best Execution Policy. Exotix will notify you of any material changes to its order execution arrangements or Best Execution Policy as described above by posting the information on its' website.

Independent monitoring of the quality of execution obtained is undertaken by Compliance as the 'second line of defence'. The monitoring considers the entirety of the Firm's trading operations where best execution is relevant, and considers how individual trades were carried out using a combination of internal and external data and where appropriate escalated. Where any exceptions or outliers are identified, these will be investigated.

Instruments

Equities

The Firm does trade in equity instruments, which are typically Frontier and Emerging Markets listed on local exchanges. Any large cap European equities will be routed to exchange via DEA access. The Firm therefore applies its standard prioritisation of the execution factors to these trades, as described in above.

There may be some specific circumstances where the trade order will require modified treatment, such as for example during a market crisis or for large-in-scale orders, and the treatment of these situations is set out below.

Debt Instruments

The firm trades in debt instruments that are generally associated with illiquid or distressed instruments. As such and in accordance with this policy any transactions in debt instruments will be routed to an appropriate venue or executed bilaterally given the nature of the order and the associated liquidity

Structured Finance



As part of advisory investment bank activities, we may transact business in structured finance products. As such these will be bespoke in nature to meet specific capital raising requirements. The business uses models to establish the fair price for the trade and therefore to assess the fairness of the prices being offered. These models are based on a number of factors which may include external market data and/or externally verifiable reference prices, where available. A record of these internal models and fair price calculations are maintained for use in the periodic monitoring of execution quality.

- **Other Instruments**

The business does not provide execution services in the following instrument types:

- Interest rate derivatives;
- Credit derivatives;
- Currency derivatives;
- Equity derivatives;
- Commodity derivatives;
- Emission allowances; or
- Securities Financing Transactions.

Notification of Material Changes

The Firm will review this Policy at least annually, making updates where necessary. Any material changes that are made to the Policy as a result of these reviews will be notified to clients through its website. Where changes are made, the firm will also consider, as part of their review, whether the changes are material enough to require such notification.

As a general rule, the addition or removal of an execution venue from the approved list is not considered a material change and will not require specific notification to clients. Examples of material changes are likely to be the Firm starting to trade a new type of instrument, that requires new and different execution arrangements to be put in place, or substantial changes to the Firm's existing execution arrangements.

Client Consent

Since we provide appropriate information on our execution policy to all clients, if a client chooses to continue with the business relationship and/or investment after having received this information then this can be taken as implicit consent

No Fiduciary Relationship

Exotix's commitment to provide you with "best execution" does not mean that it owes you any fiduciary responsibilities over and above the specific regulatory obligations placed upon it or as may be otherwise contracted between Exotix and yourself. You remain responsible for your own investment decisions and Exotix will not be responsible for any market or trading loss you suffer as a result of those decisions.

Annex 1 – Financial Instruments

- 1) Transferable securities;
- (2) Money-market instruments;
- (3) Units in collective investment undertakings;
- (4) Options, futures, swaps, forward rate agreements and any other derivative contracts relating to securities, currencies, interest rates or yields, emission allowances or other derivatives instruments, financial indices or financial measures which may be settled physically or in cash;
- (5) Options, futures, swaps, forwards and any other derivative contracts relating to commodities that must be settled in cash or may be settled in cash at the option of one of the parties (other than by reason of a default or other termination event);
- (6) Options, futures, swaps, and any other derivative contract relating to commodities that can be physically settled provided that they are traded on a regulated market, a MTF, or an OTF, except for wholesale energy products traded on an OTF that must be physically settled;
- (7) Options, futures, swaps, forwards and any other derivative contracts relating to commodities, that can be physically settled not otherwise mentioned in point 6 of this Section and not being for commercial purposes, which have the characteristics of other derivative financial instruments;
- (8) Derivative instruments for the transfer of credit risk;
- (9) Financial contracts for difference;
- (10) Options, futures, swaps, forward rate agreements and any other derivative contracts relating to climatic variables, freight rates or inflation rates or other official economic statistics that must be settled in cash or may be settled in cash at the option of one of the parties other than by reason of default or other termination event, as well as any other derivative contracts relating to assets, rights, obligations, indices and measures not otherwise mentioned in this Section, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are traded on a regulated market, OTF, or an MTF;
- (11) Emission allowances consisting of any units recognised for compliance with the requirements of Directive 2003/87/EC (Emissions Trading Scheme).

Annex 2 – Classes of Financial Instrument

Annex 2 – Classes of Financial Instrument as per Annex 2 of RTS 28	DIRECT EXECUTION: Firm executes trades in this instrument directly	INDIRECT EXECUTION: Firm transmits orders in this instrument to other brokers to execute	NOT APPLICABLE: Firm does not trade for clients in this instrument
(a) Equities – Shares & Depositary Receipts		X	
(b) Debt instruments	X	X	
(c) Interest rates derivatives			X
(d) credit derivatives			X
(e) currency derivatives			X
(f) Structured finance instruments			X
(g) Equity Derivatives			X
(h) Securitized Derivatives			X
(i) Commodities derivatives and emission allowances Derivatives			X
(j) Contracts for difference			X
(k) Exchange traded products (Exchange traded funds, exchange traded notes and exchange traded commodities)			X
(l) Emission allowances			X

Disclaimer

Disclaimer

This communication, attachment and any rights attaching hereto (collectively called the "Information") are for informational purposes only. The Information is confidential, may be privileged, and is for use solely by the intended recipient. If you have received this in error, please notify the sender immediately and delete the Information. Unauthorised disclosure or copying is prohibited. The Information has been given in good faith without guarantee and unless the context clearly indicates otherwise is the property of Exotix Partners LLP ("Exotix"), a limited liability partnership incorporated in England (with company registration number OC371725), which is authorised and regulated by the UK's Financial Conduct Authority ("FCA"). The Information is directed to Eligible Counterparties and Professional Clients (as defined in the FCA Handbook) and is not intended for Retail Clients (as defined in the FCA Handbook).