



WAVERTON

INVESTMENT MANAGEMENT

Waverton Investment Management Best Execution Policy

1. Policy statement

This policy applies to all clients of Waverton Investment Management ("**Waverton**").

Under the Markets in Financial Instruments Directive II ("MiFID II") and the Conduct of Business rules (specifically COBS 11.2A) of the Financial Conduct Authority ("FCA") we are required to establish and implement a best execution policy imposing on us the duty to obtain the best possible result for clients when executing orders. This policy applies to dealing for clients as well as for investment funds managed by Waverton and the term 'client' should be interpreted as applying to both scenarios.

Waverton will aim to take all sufficient steps to obtain the best possible result taking into account the criteria and factors set out below, subject to any instruction given by our client (detailed further below) Waverton is responsible for elements of the trade where we have exercised discretion.

Waverton places a significant level of reliance on executing brokers to comply with its own best execution obligation.

The brokers we use are contractually obliged to provide best execution and our Dealing team routinely review the performance of brokers utilised.

This policy sets out:

- Our approach to order execution;
- The factors affecting the approach to the client order execution and the weighting methods applied to such factors;
- The execution venues and brokers that Waverton generally intends to use to enable it to obtain on a consistent basis the best result for the execution of client orders; and Our approach to monitoring our execution arrangement and this policy

2. Application

The policy provides a framework for ensuring that Waverton achieves the best possible result for its clients, on an ongoing basis, when placing orders on their behalf. This policy is required by FCA rules, which implement the revised Markets in Financial Instruments Directive and its implementing legislation ("**MiFID II**").

Notwithstanding the above, where a client gives a specific instruction for the execution of a client order (a "**Client Order**") then the order will be executed in accordance with those instructions. The client should be aware that providing that instruction may prevent us from taking some of the aforementioned steps to obtain the best possible result for the execution of that Client Order (to the extent of the instructions). We will be treated as having satisfied our best execution obligation in respect of the part or aspect of the order to which the instructions relate. We do not routinely accept specific instructions from clients as to how we should execute orders, but if a client gives us specific instructions limiting our discretion, this may prevent us from obtaining the best possible result.

3. Execution factors

When executing orders on behalf of a client, Waverton is required to take all sufficient steps necessary to execute the order in a manner that is intended to achieve the best possible result for the client. We have set out below, information on the criteria which determines how we select the different venues on which we may execute your order and have identified those venues on which we will most regularly seek to execute your orders and which we believe offer the best prospects for affording you best execution. We will also assess on a regular basis, the quality of execution afforded by those venues on which we execute your orders and whether we need to change our execution arrangements.

The factors we will take into consideration include:

- Price - this is the price a financial instrument is executed at;
- Costs – this includes implicit costs such as the possible market impact, explicit external costs i.e. dealing commissions, and where applicable any fees charged by Waverton;
- Speed of execution - time it takes to execute a client transaction;
- Likelihood of execution and settlement – the likelihood that we will be able to complete a client transaction;
- Size of the order – this is the size of the transaction executed for a client accounting for how this affects the price of execution;
- Nature of the order or any other consideration relevant to the execution of the order – this is how the particular characteristics of a client transaction can affect how best execution is received; and
- any other consideration relevant to the execution of an order.

The criteria we will use in determining the relative importance of the execution factors listed above include:

- The characteristics of the client including the categorisation of the client as retail or professional;
- The characteristics of the Client Order;
- The characteristics of the Financial Instruments which are the subject of the Client Order;

- The characteristics of the Execution Venues to which the Client Order can be directed;
- Investment intention of the Fund Manager who instigated the order; and Market Conditions i.e. liquidity of market.

Typically, we would view price and the costs related to execution as the most important execution factor but there will be situations when this is not the priority when executing an order. For retail clients, best possible result shall be determined in terms of the total consideration.

In selecting the most appropriate venues for the purposes of executing your orders, we will also determine the relative importance of the best execution factors based on our experience and commercial judgement and all available market information at the time of execution. In doing so, we will assess what we reasonably believe to be in your best interests in terms of executing the relevant order.

Regulatory requirements provide that best execution does not demand a firm to achieve the best possible result with every trade, but that the focus is on taking all sufficient steps to obtain the best possible result for its clients on a consistent basis. As a result, although we have designed policies and procedures that aim to achieve Best Execution on a consistent basis, we cannot guarantee that we will always be able to provide best execution of every order executed on your behalf.

The 'Execution by Asset Type' section contained within this policy provides further information on how execution factors are considered for achieving best execution per asset class. Whilst they set out the order of relative priority, a variety of criteria are taken into account in assessing this and appropriate consideration will be made based on a transaction by-transaction basis. The above execution factors list indicates the importance of being able to exercise the appropriate judgment in the best interests of the client given the differing needs and requirements of each client transaction and the broader market.

4. Selection of brokers and execution venues

4.1 Execution Venues

We will generally place or transmit your orders to third-party investment firms ("**brokers**") for execution. In doing so, we will take all sufficient steps to obtain the best possible result for you. Waverton considers that participation in these execution venues and engagement of these brokers will enable it to obtain on a consistent basis the best possible result for clients in the execution of orders.

These possible execution venues include:

- Regulated Markets;
- Multilateral Trading Facilities (MTFs);
- Systematic Internalisers (SI); and
- Third party investment firms, brokers, and/or affiliates acting as a Market Maker or other liquidity providers.

In general, the execution strategy and associated execution methods, including where and how to place an order, are made on the below merits. Our selection of a broker is based on a number of the following criteria including:

- Execution Quality - how well they performed based on post trade transaction analysis
- Execution Service - quality of communication/responsiveness and appropriate market knowledge
- Access to Liquidity - how successful the broker is at finding liquidity
- Quality of Algorithms -the performance of the algorithm and the ease of use

In addition to the above we also aim to make use of multilateral trading facilities (MTF) (e.g. Tradeweb, Bloomberg and MarketAxess). This means that the order will be made available on venues via a request for quote method. Where we make use of MTFs, we will consider the overall technical and operational offering of a venue – including connectivity, speed of execution, reliability, rules, membership requirements, as well as the costs of accessing the venue.

For certain transactions, such as those where the security is traded by a limited number of entities, Waverton may be restricted in its choice of execution venue.

Notwithstanding the above, Waverton reserves the right to execute a Client Order using a method or venue other than the methods or venues that we have indicated, where we consider this to be in the best interests of our client. In such cases, the execution venue or broker must be pre-approved by Compliance.

As noted above, there may be occasions when achieving the best possible result for the client will result in a Client Order being executed outside a trading venue. Waverton is required to obtain your express consent before executing orders outside a Regulated Market, MTF or OTF (trading venue). By agreeing to the Order Execution Policy and our Client Agreement, you are giving your express consent to this requirement.

5. Execution by Asset Type

5.1 Equities (excluding ETFs)

Orders of cash equity are generally passed to executing brokers for execution who are exchange members with access to the relevant exchange, or who have special expertise and regional exposure.

Where the order is to be passed to a broker for execution, the dealers will select a broker who they believe can achieve the best result for the order; this may involve utilising a high or low touch (algorithmic) trade strategy. Waverton utilises various broker algorithmic suites regularly. Providers are assessed periodically by the dealing team and only utilised if deemed suitable to achieve best execution.

Waverton dealers have discretion in selecting any venue from Waverton's Approved Broker list that they believe will provide best execution. Waverton dealers will select an execution venue based upon the factors mentioned in this policy. Dealers utilise Bloomberg pre-trade analytics to assist in price discovery, project the cost of the trade and to help identify and establish a strategy prior to placing a trade in the market.

For most liquid investments, market price (including all costs related to execution of the order) will generally be the overriding factor in attaining best execution; however, there will be situations when this is not the priority when executing a trade, such as:

- For smaller capitalised equities and less liquid stocks, the likelihood of execution and provision of liquidity may be more important than price
- When raising cash to fund redemptions, speed may take priority over price
- When executing a large order, being able to transact the whole order at a less favourable price may be more important than executing part of the order at a better price
- The volatility of price may make timeliness a greater priority
- The choice of execution venue may be limited for certain instruments.

5.2 Exchange Traded Funds (ETFs)

ETFs are mainly executed via Request For Quote Platforms ("**RFQ**") directly with brokers via Tradeweb or Bloomberg RFQE. The dealing team will typically ask multiple brokers for a price and will then execute at the best prevailing price. The competition among brokers via RFQ is advantageous for the price-discovery process. The ETF price is transparent and available as reference for selecting quotation obtained from brokers. Compliance are sent an audit of this process and the dealers will record the best bid *and* offer (BBO), which can be obtained from Bloomberg at point of trade, and cover price where available. The price is the primarily factor of execution decision.

5.3 Collective Investment Schemes (Unit Trusts and Open Ended Investment Companies)

Transactions in collective investment schemes are conducted through the management companies. They are usually only available at a single, forward-looking, NAV determined price at set dealing times. Waverton use Calestone, Co-Funds, BNP Neolink and RBC GFP platforms to execute their deals as well as executing directly with some unit trust managers.

5.3 Fixed Income

Orders relating to fixed income are generally executed on a multilateral trading facility (e.g. Tradeweb, Bloomberg or MarketAxess) using a RFQ method. This will usually involve obtaining simultaneous screen-based quotations from a number of Waverton's approved brokers. In general, use of these venues essentially performs the price discovery function and seeks best price by initiating competition among multiple independent third parties. Ordinarily for fixed income transactions, liquidity and price are the main determining factors. Where deemed necessary, and to act in the best interest of clients, Waverton may also utilise additional sources of liquidity via MarketAxess' all-to-all platform.

Where multilateral trading facilities are not available or deemed appropriate, for example, due to periods of significant market volatility or in relation to illiquid transactions or large in scale trades, Waverton are more likely to place orders directly with a broker.

In accordance with acting in the best interests of the client, Waverton may also place orders directly with a sole broker where we believe the exposure of data in the price discovery process may adversely affect the relevant market and advertently compromise our ability to obtain the best price available in the transaction. In such cases we will check the fairness of any price

proposed by gathering market data relevant to the estimation of such a price and, if possible, comparing to similar assets.

In relation to transactions in fixed income instruments, the dealers will on most occasions consider price (including costs and liquidity) to be the most important factor. Nevertheless, the relative importance of secondary factors such as order size and speed of execution are also considered on a trade-by-trade basis.

5.4 Derivative Instruments & Structured Products

Derivatives quoted on-exchange are dealt through the Royal Bank of Canada (RBC). Execution Provided by RBC is periodically reviewed to ensure Best Execution is being provided and determine whether other execution options need to be explored.

Structured Products are dealt either directly with the issuer (bank) or via a broker. Wherever possible, the prospective investment will be compared with similar products and other available counterparties. A pre-trade assessment of the instruments available is undertaken by the portfolio management team at Waverton in conjunction with third party brokers. Brokers will be instructed to identify a list of potential counterparties for the specific investment idea, from which the Waverton portfolio management team will select (in conjunction with the fixed income team's assessment of the underlying counterparty credit).

Structuring charges are wrapped up in the price of the note itself, and as such are taken into account when executing a trade.

Price and likelihood of execution are the dominant execution factors for derivative instruments but this is viewed on an order by order basis.

5.5 Currency derivatives including spots

In general foreign exchange orders (FX spots, FX forwards, NDF and FX swaps) are executed in competition. The order is executed by simultaneously requesting a price (RFQ) from three or more counterparties through the electronic platform FXALL. For very large orders, a single counterparty may be approached dependent on the execution strategy at the time of the order. Where possible, we net off purchases and sales for trades with the same settlement date, thereby reducing overall risk.

Price, size of the order and cost will generally be the most important factors by which we consider how we trade in these instruments. However, other execution factors may be taken into account or, in exceptional circumstances, be considered the principal factor (i.e. if speed is essential, price and market impact may mean the trade is carried out in circumstances where the price of the trade is impacted).

6. Conflicts of Interest

It is our policy that all trades, including IPOs are pre-allocated to individual portfolios to prevent a potential conflict of interest. On the rare occasion that an order cannot be filled, reallocation will be made in accordance with our internal procedures designed to ensure the fair treatment of all of our clients.

In executing client orders Waverton does not receive any remuneration, discount or nonmonetary benefit for routing client orders to a particular execution venue which would

infringe any conflicts of interest or inducement requirements under MiFID II, and in particular Article 24(9) MIFID II. Waverton does not partake in any payment for order flow arrangements. Where Waverton deems it necessary to procure third party research, the cost will met from our own resources and not client dealing commissions.

Please refer to Waverton's Conflicts of Interest policy for more detailed information.

7. Client order handling

We are required to execute Client Orders in an expeditious and fair manner for all clients.

- Waverton will aim to ensure that orders executed on behalf of clients are promptly and accurately recorded and allocated;
- Waverton will aim to carry out comparable orders sequentially and promptly unless the characteristics of the order or prevailing market conditions make this impracticable, or the interests of the client require otherwise; and
- We will inform you about any material difficulty relevant to the proper carrying out of orders promptly upon becoming aware of the difficulty.

Client orders may be aggregated with other Client Orders, if:

- The characteristics of the Client Order make them suitable for aggregation; and
- If in our opinion the aggregation of Client Orders will not work to the material disadvantage of any client although on occasions this may not be avoidable and Waverton may still determine the fairest approach across the client base is to aggregate them orders.

8. Monitoring and Review

Waverton has implemented a governance framework and control process to continually monitor the effectiveness of our order execution arrangements and policy and to identify and where appropriate correct any deficiencies.

Waverton utilises a 3rd party TCA provider (LiquidMetrix) to monitor trading activity and performance. They provide independent post trade analysis on the transaction costs incurred by Waverton for trading activity, allowing for comparison of trading costs per instrument and broker. There is a daily outliers report monitored by the dealing desk of all trades on a T+1 basis. Compliance conduct secondary monitoring by sampling a number of trades.

The head of the Waverton Dealing Desk provides a quarterly report on the effectiveness of execution, which includes comparison and analysis of the executions achieved versus a number of industry-wide utilised benchmarks. The dealing desk also perform a bi-annual broker scorecard methodology to review the performance of all approved brokers. Execution venues and brokers may be removed from the approved counterparties list if any material and consistent best execution issues are identified. All reports are sent to senior management for review and comment.

Compliance maintains a central list of approved brokers with whom orders can be placed. Brokerage firms are placed on this subject to an authorisation and ongoing monitoring process,

including, but is not limited to, the broker's credit worthiness and financial stability, disciplinary history and current regulatory status. Explicit costs (such as dealing commissions) are reviewed annually by the head of dealing in comparison to the results of the Greenwich survey.

In accordance with COBS 11.2A, Waverton is required to summarise and make public on an annual basis, for each class of financial instrument, the top five execution venues in terms of trading volumes in the preceding year. In addition to the above Waverton will also provide a summary of analysis and conclusion drawn from detailed monitoring of the quality of execution in the previous year.

We will review our best execution policy at least annually and whenever a material change occurs that affects our ability to continue to obtain the best results for our clients. Material events can be defined as any change in systems, processes or relationships, which will have an impact on its ability to achieve best execution. Any material changes will be communicated as detailed in the client agreement.

Appendix:

A. Brokers (including Systematic Internalisers)

Waverton may use the following brokers, counterparties and multilateral trading facilities as execution venues when seeking best execution. This list is not exhaustive and may be subject to change and revised from time to time. To act in accordance with the best interests of its clients Waverton may also deem it appropriate to use venues not listed below.

Equities (including ETFs)	Fixed Income
Atlantic Equities	Barclays Bank Plc
BBVA	BNY Mellon
Canaccord	Citigroup
Carnegie	Commerzbank
Cantors	Credit Suisse
Cenkos Securities plc	Daiwa
Credit Lyonnais Securities	Deutsche Bank
Credit Suisse	Dexion Capital
Deutsche Bank	Goldman Sachs International
Dexion Capital	Guy Butler
Exane	HSBC Investment Management
Goodbody Stockbrokers	Imperial Capital
Hauck & Aufhauser	J P Morgan Securities
Handelsbanken	Jefferies International Ltd
Instinet	KBC Peel Hunt
ITG	Kepler Cheuvreux
J P Morgan Securities	King & Shaxson
Jefferies International Ltd	Lloyds
KBC Peel Hunt	Liquidnet

Kepler Chevreux	Macquarie
Kim Eng Singapore	MarketAxess
Liberum Capital Limited	Merrill Lynch
Liquidnet	Mizuho
Macquarie	Morgan Stanley
Main First Bank AG	Natixis
Merrill Lynch	NCL Investments Ltd
Mizuho	Nomura
Numis Securities Ltd	Ria
Redburn Partners	Royal Bank of Canada
Royal Bank of Canada	Royal Bank of Scotland
Shore Capital	Tradeweb
Sanford C Bernstein & Co	UBS
Vontobel	Winterflood Securities
Winterflood Securities	

B. Electronic Trading venues

Equities (including ETFs)	Fixed Income	Foreign Exchange
Tradeweb	Bloomberg	FXall
	MarketAxess	
	Tradeweb	