

October 2017

ARCHITAS ORDER EXECUTION POLICY: SUMMARY STATEMENT

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INTRODUCTION

This Order Execution Policy applies to Architas Multi-Manager Limited and Architas Advisory Services Limited (“Architas”, “we”, “us”). It covers all deals and all financial instruments that we carry out for clients, including those where:

- We or our agent execute a decision to deal on behalf of our clients directly with an execution venue;
- We or our agent place with, or transmit an order to, other entities for execution; or
- We have delegated investment management to a third party (a “sub-manager”) who executes or places orders on our behalf under that mandate.

We and those who act for us are required to act in the best interests of our clients, including the funds we manage, when directly executing decisions or orders to deal on their behalf or by transmitting such orders to third parties.

Therefore we or those who act for us must:

- Take all sufficient steps to obtain on a consistent basis the best possible result for our clients (including for the funds we manage) when executing orders, the best possible result for their clients taking into account price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the order (subject to and taking into account any specific instructions a client may give and the execution factors detailed in section 2 below); and
- Comply with the obligation to act in accordance with the best interests of our clients when placing orders with other entities for execution that result from our decisions to deal in financial instruments on behalf of our clients (including the funds we manage), subject to and taking into account any specific instructions a client may give. (The ‘best execution’ obligations).

In accordance with the FCA regulations, we or those who act for us are required to establish and implement effective arrangements for complying with the obligation to ‘take all sufficient steps to obtain the best possible result taking into account price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the order’.

In particular, we and those who act for us must each establish and implement a policy to allow us to obtain, for clients’ orders, the best possible result in accordance with both these obligations.

We are also required to provide our clients with appropriate information on our order execution policy and to obtain certain consents; in particular we must obtain any client’s express consent before executing an order outside of a regulated market or a Multilateral Trading Facility.

The obligation to provide best execution applies to all financial instruments. However, given the difference in market structures or the structure of financial instruments, it is not possible to apply a uniform procedure for achieving best execution. Therefore, we take into account the different circumstances associated with the execution of orders related to particular types of financial instruments. Moreover, we recognise that where we have mandated a third party to execute or transmit orders on our behalf, either as part of a wider investment management mandate, or solely as an order execution agent, whilst we remain ultimately responsible for the achievement of best execution, we cannot directly control the details of that third party’s

execution policy, although we are entitled to insist that it meets the minimum regulatory requirements.

The Policy falls into four parts:

- The common regulatory requirements;
- The orders executed by our own staff;
- The execution or transmission of orders by our designated execution agent;
- The orders executed or transmitted on our behalf by sub-managers

The Policy will be revised annually by Architas Compliance or as the circumstances dictate and presented to the Architas Risk & Operations Committee for review and approval. It is also provided to the Architas Investment Committee for noting.

EXECUTION FACTORS

In seeking to give a client order best execution, we, or those who act for us, are required to take into account certain execution factors and decide on their relative importance. Whilst price is likely to be a key execution factor, in seeking the best possible result the following additional factors should also be considered:

- Total cost of execution;
- Speed;
- Likelihood of execution or settlement;
- Size of the order; and
- Nature of the order and any other consideration relevant to the efficient execution of the order (including the availability of liquidity and the market impact of the order)

In determining the relative importance of the execution factors, we, or those who act for us, must take into account the following criteria:

- The characteristics of the client including the categorisation of the client (currently, Architas is only permitted to provide investment management to professional clients, namely collective investment schemes and institutional clients);
- The characteristics of the client order (e.g. type of trade);
- The characteristics of financial instruments that are the subject of that order (e.g. the asset class);
- The way the instrument is traded;
- The characteristics of the execution venues to which that order can be directed (e.g. the particular market, country or region);
- The objectives, investment policy and risks specific to the funds managed by Architas, as indicated in their prospectus or in their constituting instrument;

We, or those who act for us, can only pass an order to a counterparty which:

- Is subject to the obligation to take all sufficient steps to obtain the best possible result for its clients taking into account the execution factors; and
- Has established and implemented an order execution policy to enable it to comply with this obligation in accordance with all regulatory requirements and if passing this order is consistent with our own obligation to obtain the best possible results for our clients (including the funds we manage)

EXECUTION VENUES

An execution venue means a regulated market, a multilateral trading facility (MTF), a systematic internaliser, a market maker or other liquidity provider or an entity that performs a similar function in another country.

A regulated market is an execution venue operated or managed by a market operator, to bring together various third parties who want to buy and sell certain types of investments in line with fixed rules that the market operator establishes.

An MTF is an execution venue, operated by an investment firm or a market operator, which brings together multiple third-party buying and selling interests in financial instruments in accordance with nondiscretionary rules, in a way that results in a contract. MTFs offer an alternative to regulated markets with fewer restrictions as to what investments can be traded on them.

A systematic internaliser is an investment firm, which on an organised, frequent and systematic basis, deals on its own account by executing client orders outside a regulated market or an MTF.

We or those who act for us must treat all our clients in a fair manner and utilise the execution venue and methodology we, or our agent, deem most appropriate, based on the above execution factors. When we, or our agent, execute client orders, we will aim to select the execution venue that will deliver the best result. Different execution venues are appropriate for different classes of financial instrument and types of orders.

We or those who act for us will periodically consider appropriate new execution methods, market makers, liquidity providers or networks and compare expected results with those we currently achieve to ensure we offer our clients best execution. We, or our agent, will trade in and/or authorise counterparties to trade outside of a regulated market or MTF only if it is in the best interests of the client and in accordance with our best execution obligation, subject to client consent.

For certain financial instruments, there may only be one execution venue, and in executing an order in such circumstances, we shall presume that we have met our best execution obligation.

SPECIFIC CLIENT INSTRUCTIONS

Whenever there is a specific instruction from a client in relation to an order, we, or our agents, must execute the order following the specific instruction and in doing so will have fulfilled our best execution obligation to the client.

Where instructions relate to only part of the order, we or those who act for us will operate in accordance with our respective order execution policies in respect of those aspects of the order not covered by the specific instruction.

Please note that any specific instructions may prevent us or those acting for us from taking the steps that we have designed and implemented in our respective policies to obtain the best possible result for the execution of those orders in respect of the elements covered by those instructions.

TRADING METHODS

We and those who act for us must consider on a transaction by transaction basis all relevant factors (see **Execution Factors**) when choosing both an execution venue and which method of trading to be the most appropriate for our clients' best interests at that time. We or those who act for us may deal with a broker in different ways, both in their capacity as agent and principal. A broker acts as agent when they work orders for us by interacting directly on order books and when they cross stock from other clients and us. A broker acts as principal when we or those who act for us use the broker's capital commitment.

ARCHITAS EXECUTION POLICY – COLLECTIVE INVESTMENT SCHEME UNIT DEALING

Direct investment management by the Architas Investment team is limited to investment in other investment funds, which may be sub-divided into two categories:

- Funds (including Investment Trusts and Exchange Traded Funds), whose units/shares are bought and sold through venues, either at issuance or on a secondary market
- Unlisted, open-ended collective investment schemes ("CIS") whose units are purchased or redeemed directly from the scheme, its operator or their nominated transfer agent;

The policy for execution of Architas deals in listed funds is covered in Section 2, below. Architas itself only executes deals in unlisted CIS

As deals in unlisted CIS units can only be executed through one venue, most of the best execution factors do not apply, as no discretion is available to the dealer. However, Architas is still under an obligation to execute all deals in a timely fashion, which generally means before the earliest "dealing cut-off point" following the finalisation of the portfolio manager's investment decision.

CLIENT ORDER HANDLING PRINCIPLES

When carrying out client orders (including portfolio transactions on behalf of the funds we manage):

- Orders executed on behalf of clients should be promptly and accurately recorded and allocated; and
- Otherwise comparable orders should be carried out sequentially and promptly unless the characteristics of the order or prevailing market conditions make this impracticable, or the interests of the client require otherwise.
- Lastly, we and our agent aim to prevent the misuse of information relating to client orders by the application of insider trading and personal account dealing procedures.

AGGREGATION OF ORDERS

We will only carry out a client order (including an order for one of the funds we manage) in aggregation with another client order (including an order for another fund we manage) if we are satisfied that to do so would not disadvantage either client. The Investment Team is required to record the rationale as to why the aggregation does not cause client detriment. These rationales will be subject to challenge from the Compliance function.

ALLOCATION POLICY

For orders across multiple funds where there is a partial execution, allocation is always made on a pro-rata basis (with respect to the orders placed, not the size of the relevant funds). However, if that results in a holding which, in the relevant fund manager's opinion, is too small to be suitable (for example, it is below minimum market size or would incur disproportionate costs to the client) then the relevant fund may be excluded from the allocation. Allocations which are not pro-rated are agreed by the Chief Investment Officer or their nominated alternate in advance and the rationale is recorded within the order management system at the point of allocation.

ORDERS TRANSMITTED OR EXECUTED BY OUR DESIGNATED EXECUTION AGENT (CURRENTLY NTSLLP)

Architas has appointed Northern Trust Securities LLP (NTSLLP) for the provision of execution-only services under an agency-only arrangement for all listed security and ETF deals pertaining to portfolios directly managed by the Architas Investment Team.

NTSLLP is an investment service provider domiciled in the UK and is authorised and regulated by the Financial Conduct Authority. It has the required permissions for the provision of execution only services, on an agency basis, to us. As an FCA regulated firm, NTSLLP is required to maintain and comply with its own best execution policy when determining where to execute client orders.

When executing orders for our clients on our behalf, NTSLLP owes us and our clients a duty of best execution. We have reviewed NTSLLP's Best Execution Policy and it deem to be appropriate to our obligations. We will continue to review the policy on at least an annual basis and whenever NTSLLP updates it.

We have reviewed NTSLLP's "Best Execution" policy and are satisfied that it meets both the FCA's requirements and those of the business that we have delegated to NTSLLP.

We have also reviewed NTSLLP's Order Allocation Policy and have deemed it in line with the regulatory requirements and compatible with our duty to act in the best interests of our clients. We will keep this under review, either on any update to the policy or on an annual basis.

BROKER SELECTION

NTSLLP routes orders to other financial intermediaries for execution. Neither commission nor turnover targets are set for execution counterparties.

NTSLLP publishes its current list of approved brokers in its best execution policy. Architas has reviewed the list, which is subject to change, and has deemed it appropriate for our clients' business. We will keep the list under review.

ACCESS TO AND ALLOCATION OF INITIAL PUBLIC OFFERINGS ("IPOS"):

Architas may participate, when appropriate, in IPOs and secondary placings. If we do, these are made available to all our Funds and may be applied for in accordance with investment policies/guidelines. Allocations are made on a pro-rated basis in line with the our allocation policy.

SUB-MANAGERS' ORDER EXECUTION ON BEHALF OF ARCHITAS

Architas will only delegate investment management to firms who are either subject to the Markets in Financial Instruments Directive ("MiFID") or a regulatory regime we deem to be equally effective.

Architas requires all sub-managers to comply with their best execution policies and we take the following steps to ensure that they do so.

APPROACH

Architas should perform a review of each of the sub-managers to further understand and document the trade flow; specific to trade execution processes for each of the asset class types invested in by Architas sub-delegated funds. This should include review of Best Execution policies and procedures, the trading systems used for each asset class and understanding the best execution, trading reports and data that can be obtained by Architas on an on-going basis.

This work should be documented and any areas of weakness in the third party managers processes highlighted to Architas Management.

ASSESSMENT

In order to achieve this, the Architas Operational Due Diligence (ODD) team will perform all below checks, or a selection of these checks, to ensure that the sub-managers are fulfilling their legal requirements:

Request documents and policies perform. i.e. the Best Execution Policy, Order Execution Policy & Order Allocation Policy

Request evidence that these policies are implemented and enforced.

Request a copy of the TCA report for the relevant fund evidencing best execution is achieved

Perform an independent check. Request a sample of trades then check whether these trades were executed close to the last price or VWAP prices quoted on Bloomberg.

BEST EXECUTION POLICY

When requesting documentation from the delegated managers, the ODD team will request a copy of the Best Execution Policy. This will be reviewed to ensure as a minimum it states:

That the manager will act in the best interests of its clients at all times and will take all sufficient steps to obtain the best possible result for its clients, taking into account price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the order.

The Policy will be reviewed to ensure it is comprehensive and extensive and covers all elements you would expect of a reputable asset manager.

The ODD team will also request an explanation of the processes and review the compliance procedures to ensure this is being implemented and processes regularly reviewed for effectiveness.

ORDER EXECUTION POLICY

When requesting documentation from the delegated managers, the ODD team will request a copy of the Order Execution Policy. This will be reviewed to ensure as a minimum it states:

- That when executing orders on the client's behalf, the manager will take all sufficient steps to achieve the best possible result for their orders.
- That they use the best venue or counterparty to ensure best execution is achieved.

The Policy will be reviewed to ensure it is comprehensive and extensive and covers all elements you would expect of a reputable asset manager

The ODD team will also request an explanation of the processes and review the compliance procedures to ensure this is being implemented and processes regularly reviewed for effectiveness.

ORDER ALLOCATION POLICY

When requesting documentation from the delegated managers, the ODD team will request a copy of the Order Allocation Policy. This will be reviewed to ensure as a minimum it states:

That when executing orders the manager will implement a procedure designed to achieve fairness and not disadvantage comparable client accounts when aggregating or allocating trade orders.

The Policy will be reviewed to ensure it is comprehensive and extensive and covers all elements you would expect of a reputable asset manager

The ODD team will also request an explanation of the processes and review the compliance procedures to ensure this is being implemented and processes regularly reviewed for effectiveness.

TRANSACTION COST ANALYSIS (TCA)

When requesting documentation from the delegated managers, the ODD team will request a recent Transactional Cost Analysis (TCA) report. This should provide details of:

- Value Traded;
- Trade Price;
- Order Volume;
- Fill size;
- BPS Spread size;
- Bid/Offer Price;
- Opening Price;
- Prior Opening Price;
- Closing Price;
- Volume Weighted Average Price (VWAP) Price.

In receiving this report, it should demonstrate that best execution is being obtained by the manager and this is being reviewed on a regular basis.

The ODD team will check the report to see if there are any outliers or points for concern.

TRADE SAMPLE ANALYSIS

The ODD team will request a sample of trades from the prior trading period. These should include trade economics such as, asset, asset identifier, buy/sell, volume traded, trade/settle date, traded price, broker.

The ODD team will then compare the trade prices to the following fields out of Bloomberg:

- Last traded price;
- VWAP price;
- Lowest traded price;
- Highest traded price and
- Average daily spread vs the executed trade price.
- Trades should be booked in between the lowest trade price and highest trade prices on the day and also close to the last price/VWAP, accounting for large market moves in the asset.