TradingPoint

**TRADING POINT ASSET MANAGEMENT LIMITED**

# ORDER EXECUTION POLICY

Contents

TradingPoint

## 1. Introduction

Trading Point Asset Management Limited is a Cypriot Investment Firm ("CIF") registered with the Registrar of Companies in Nicosia under the number: HE 328593, and regulated by the Cyprus Securities & Exchange Commission ("CySEC") under the license number 256/14 (hereinafter called the “Company”) (hereinafter called the “Company”, or “we”, or “us”, or “our”, as appropriate).

The Company is operating under the provisions of the Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU, as the same may be in force from time to time and modified or amended from time to time (the “Markets in Financial Instruments Directive (2014/65/EU)” or “MiFID II”), which was transposed into Cypriot Law, the Investment Services and Activities and Regulated Markets Law of 2017 (Law 87(I)/2017).

Under the above legislation and other supplementary EU regulations, the Company is required to take all sufficient steps to obtain the best possible result when executing your orders, taking into account a range of factors. This is referred to as providing you with "*best execution*".

This Order Execution Policy (the “Policy”) forms part of our Portfolio Management Agreement and is incorporated therein by reference. Therefore, by signing our Portfolio Management Agreement, which is a contractually binding agreement between you and the Company, you are also agreeing to the terms of the Policy set forth in this Policy.

## 2. Scope and Services

The Company manages portfolios of investments in a systematic way for portfolio management clients (hereinafter the “Clients”). The Company, being able to provide portfolio management services to Clients, makes and then gives effect to, decisions to deal in financial instruments on behalf of its clients. There are two methods of giving effect to those decisions.

(a) Place an order with a third party (i.e. a broker or an intermediary) for that third party to execute. Such third parties are referred to in this Policy as “***Brokers***”.

(b) Executing the relevant transaction directly with a ***Trading Venue*** (i.e. Regulated Market, Multilateral Trading Facility and Organized Trading Facility).

Both Brokers and Trading Venues are referred to in this Policy as “***Execution Venues***”.

The transactions placed by the Company in Financial Instruments are not executed on a Trading Venue, rather they are executed by Brokers and as such, may expose the Client to greater risks than those of a Trading Venue. Brokers may not execute an order or may change the opening (closing) price of an order in case of a technical failure of their trading platform or of quote feeds. Please refer to our Risk Disclosure for more information.

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| Your agreement to this Policy shall constitute your **prior express consent** for the execution of your orders **outside a Trading Venue**. |

A list of the Execution Venues used by the Company for placing orders in financial instruments is set out in Appendix 1 to this Policy. Our choice of venue aims to obtain, on a consistent basis, the best possible result for the execution of client orders having regard to the ***Best Execution Factors*** (as described in Section 5 below).

## 3. Assessment of Execution Venues

As per our risk management and compliance procedures, all Execution Venues with which we place orders need to be reviewed and assessed prior to the establishment of the business relationship. The assessment process takes into consideration both qualitative and quantitative criteria. Such criteria include, but are not limited to, the country of establishment of the Execution Venue, regulation status, whether the Execution Venue is a listed entity and reputation.

Our assessment process follows a sophisticated scoring process designed in three stages. The first stage involves the gathering of the necessary information and documentation and is performed by the Portfolio Management Department of the Company. The second stage involves the assessment of the information gathered and ranking this information based on a pre-determined scoring system. The second stage is undertaken by the Compliance Officer and/or the Risk Manager of our Company. In cases where the total score meets the minimum required passing score, then, as the third and final stage, a Director of the Company evaluates the assessment and approves the establishment of the business relationship. In cases where the total score does not meet the minimum required passing score, the assessment concludes at the second stage and no business relationship is established with that particular Execution Venue.

Moreover, the Company reviews for Execution Venues, the rules and standards and available order types and for Trading Venues, pre-existing liquidity conditions, if available.

The Company conducts a formal review of Execution Venues on an annual basis. This incorporates examining trade volume, market share and liquidity quality metrics and data and information on execution quality published by the individual Execution Venues.

## 4. Algorithmic Trading

The generation and placement of orders to one or more Execution Venues is performed automatically by the Company's sophisticated algorithmic trading systems. That is, the Company makes all trading decisions itself and,therefore, controls the allocation of orders among Execution Venues. The Company does not take instructions from clients in that respect.

The Company ensures that controlled deployment, testing and monitoring of its algorithmic trading systems is performed regardless of whether those systems are new or previously have been successfully tested/deployed in another Execution Venue and whether their architecture has been materially modified.

Moreover, the Company's employees who are responsible for the deployment, testing and monitoring of the Company's algorithmic trading systems along with the employees of Company's Portfolio Management Department ensure that placement of orders to Execution Venues through the aforementioned trading systems are conducted in accordance with the requirements and guidance set out in this Policy.

## 5. Best Execution Factors

As a portfolio manager, the Company is required, inter alia, to take all sufficient steps to obtain the best possible result for its clients, taking into account the "Execution Factors" specified in the Law 87(I)/2017, being:

- price;
- costs;
- speed of execution;
- likelihood of execution and settlement;
- type and order size;

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- nature; and
- any other factor impacting the efficiency and continuity of the execution

The relative importance of these factors are determined by reference to the “Execution Criteria” being:

- the characteristics of the Clients;
- the characteristics of the Company’s orders (e.g. market orders, limit orders, etc.);
- the characteristics of the financial instrument that are subject to the order; and
- the characteristics of the third parties and/or Execution Venues to which that order can be directed.

We shall determine the best possible result when placing orders to brokers for execution by taking into consideration the following factors and how collectively these factors benefit the client the most:

Price – High Importance

The price for a given financial instrument is obtained from the Company’s approved Execution Venues. The Company regularly, and at least once a year, reviews the pricing of and quality of service offered by its Execution Venues, to ensure that the prices obtained remain competitive and that their service is of high standards.

Speed of execution – High Importance

The frequency with which prices change varies with different instruments, market conditions and Execution Venues. The frequency with which prices change affects the speed of execution. In order to achieve the maximum speed in execution, the Company works with execution venues that maintain reliable sources of feeding. The speed of execution is closely linked to the likelihood of execution referred below.

Likelihood of execution and settlement - High Importance

The likelihood of execution refers to the probability that the whole order will be completed within a given time and the likelihood of settlement refers to the probability that an order will be settled or settled within the normal settlement cycle. The best price may not be possible if the execution venue has no depth. Market depth and settlement shall be demonstrable.

Nature of the order – Medium Importance

The Company applies a very straightforward execution logic which currently involves only market orders. In addition, the Company places orders only in highly-liquid financial instruments.

Order Size – Medium Importance

The emphasis is on both large and small orders, which may have a market impact. The basis for the choice of execution must be demonstrable.

## 6. Placing Orders with Third Parties

Where the Company places an order with a third party for execution, the Company is not responsible for controlling or influencing the arrangements made by that third party relating to the execution of that order (e.g. the Company does not control the third party’s choice of Execution Venues, such as exchanges, multilateral trading facilities or internal dealing facilities). The Company is not required to duplicate the efforts of the third party to whom an order is passed in ensuring the best possible result. The Company’s obligations are, therefore, to ensure that third parties assist the Company to comply with its best execution obligations (by delivering the best possible result) and that its orders are passed to those third parties in accordance with the Policy.

## 7. Publication on our Website of Information on Execution Venues and Data on Quality of Execution on Transactions

In accordance with the Commission Delegated Regulation (EU) 2017/576, the Company shall publish, on its website, information on the identity of execution venues and on the quality of execution (on an annual basis). Please refer to our Execution Quality Summary Statement, which can also be found on the Company's website in the 'Legal Documents' section: https://www.trading-point.com/tpam.

## 8. Monitoring and Reviewing of the Policy

The Company shall monitor, on a regular basis, the effectiveness of this Policy and, in particular, the arrangements in place for best execution, as required in this Policy. The monitoring process shall involve a periodic review by the Compliance Department of a random sample of transactions to ascertain whether the best possible result has been obtained in respect of those transactions. If the Compliance Department concludes that the best possible result has not been achieved, it shall investigate the matter and escalate internally, as deemed appropriate. The Compliance Department may make changes to this Policy depending on the outcome of the monitoring process and take remedial actions if any deficiencies are detected so that it can be demonstrated that all sufficient steps have been taken by the Company to achieve the best possible results.

At least annually, the Company shall review this Policy and the order execution arrangements that are in place. The review will focus on whether the Company would obtain better results for its clients if it was to:

(a) include additional or different trading venues or brokers (for the relevant instrument class);

(b) assign a different relative importance to the execution factors (for the relevant instrument class); and

(c) modify any other aspects of this Policy and/or its execution arrangements.

A review shall also be carried out whenever a material change occurs that affects the ability of the Company to obtain the best possible result for the execution of its client orders, on a consistent basis, using the Execution Venues included in Appendix 1 of this Policy. The Company shall notify its affected clients on any material changes in its Policy.

## 9. Client Notification / Consent Requirements

The Company has an obligation to provide its portfolio management Clients with appropriate information on this Policy. In order to comply with this obligation, the Company shall make available its Policy to its Clients at any time when a Portfolio Management Agreement is signed, upon request and when material changes to this Policy have been made.

When establishing a business relationship with the Client, the Company is required to obtain the Client's prior express consent to this Policy. The Company is also required to obtain the Client's prior express consent before it places orders for execution outside a trading venue.

The Company may obtain the above consents in the form of a general agreement.

As this Policy forms part of our Portfolio Management Agreement and is incorporated therein by reference, by signing the Portfolio Management Agreement, which is a contractually binding agreement between you and the Company, you are also agreeing to the terms set out in this Policy.

The Company reserves the right to review and/or amend its Policy and arrangements, at its sole discretion, whenever it deems fit or appropriate. To the extent that the Company makes any material changes to this Policy (whether pursuant to the review process or otherwise), it is obliged to notify these changes to its Clients.

## 10. Client Order Handling and Allocations

From time to time, the Company may aggregate a number of client orders for execution either via a Broker or directly with a Trading Venue. Once these client orders have been executed, the Portfolio Manager may allocate orders across the clients who participated in the order. In these cases, such orders and executions will be treated as follows:

(a) Allocation of order fills between several clients will be prompt, fair and consistent;

(b) Aggregation of orders may, on occasion, work to clients' disadvantage. The Company shall only aggregate orders if there are reasonable grounds to believe that doing so would be of benefit to all clients and where individual clients are eligible to have their order aggregated with that of other clients.

In the case that the Company has aggregated transactions for own account with one or more client orders, it ensures that the allocation of these trades shall not work on clients' disadvantage. In addition, where the Company aggregates a client order with a transaction for own account and the aggregated order is partially executed, the Company ensures that it allocates the related trades to the client in priority to the Company.

However, if the Company can demonstrate on reasonable grounds that without the combination it would not have been able to carry out the order on such advantageous terms, or at all, it may allocate the transaction for own account proportionally, as set out in this section.

The Company has in place all the necessary systems for allocating bunched trades and considers situations where partial executions may occur.

The Company has the authority to determine which securities are to be bought and sold, the number of the securities to be bought and sold, and the timing of such transactions.

The Company exercises investment discretion and trade allocation decisions are made, among client accounts, on a *fair and equitable rotational basis* to ensure that no single relationship has a trading advantage.

When two or more client accounts are simultaneously engaged in the purchase or sale of the same security as part of the same investment strategy, to the extent possible, the transactions may be bunched/block-traded and these accounts shall receive the security at an average price. For those client accounts where commission rates have been pre-determined, they shall receive those rates. The bunch/block trade shall be allocated before the close of the trading day.

The ability of a client account to participate with other client accounts of the Company in bunched/blocked trades may produce better execution results for the individual client account. In some cases, the broker-dealer may not execute bunched or block trades. For partial allocations, client accounts are typically allocated performance on a pro-rata basis.

In some instances, client accounts that maintain maximum/minimum cash restrictions may be allocated performance ahead of another client account within the same bunch/block trade so as not to violate the imposed restriction.

The Company's main goal is to be fundamentally fair on an overall basis with respect to all of its clients, however, there can be no assurance that, on a trade-by-trade basis, one client may not be treated differently from another. If we did not manage multiple client accounts, each client individually would be able to receive or sell a greater percentage of all securities purchased or sold. Consequently, when multiple clients participate in limited opportunity trades, each participating account reduces the opportunity available to other participating accounts.

A set of the basic rules followed when allocating investments includes the following:

(a) all allocation determinations are made prior to execution. Examples of instances when allocation decisions may be made after execution include modifying a previously-allocated trade due to an error;

(b) adequate written records are maintained with respect to all allocations, including any post-trade modifications and cancellations;

(c) conducting reviews of any deviations from the allocation guidelines for avoidance of any inappropriate favouritism; and

(d) trades are allocated pro-rata, based on a clients' assets under management.

## Appendix 1

### List of Company's Execution Venues

Below is a list of the approved execution venues upon which the Company places significant reliance in meeting its obligation to take all sufficient steps to obtain, on a consistent basis, the best possible result with regards to the execution of orders:

| Execution Venue Name | Country | Venue Type |
|---|---|---|
| LMAX Limited | United Kingdom | Broker |
| Sucden Financial Limited | United Kingdom | Broker |
| CFH Clearing Limited | United Kingdom | Broker |

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