

ORDER EXECUTION POLICY

LAST UPDATED: JANUARY 2024

1. INTRODUCTION

This document sets out the Order Execution Policy for Sarasin & Partners LLP and Sarasin Asset Management Limited, together “Sarasin”.

As an investment manager, Sarasin makes investment decisions to buy and sell securities including equities, bonds, FX, derivatives and collective funds on behalf of our clients and funds in an agency capacity. We exercise discretion in the manner in which these orders are transacted on portfolios in accordance with their investment objectives and policies and we have established sufficient arrangements to obtain the best possible result for orders as set out in this Policy. This is commonly referred to as best execution.

2. SCOPE

This Order Execution Policy applies to any financial instruments and asset classes that are covered by the European Union’s Markets in Financial Instruments Directive (MiFID II) as transposed into UK law including; transferable securities (equities and bonds), money market instruments, FX, units in collective investment undertakings, financial derivatives and contract for differences.

3. SPECIFIC CLIENT INSTRUCTIONS

If a client provides us with a specific instruction in relation to an order, including selection of a particular broker or venue, this may prevent us from being able to provide best execution for that order or part order as outlined in this Policy.

4. EXECUTION CRITERIA

When executing orders, we consider various criteria to determine the relative importance of the execution factors. These include characteristics of the client order; the characteristics of the financial instruments in which we are dealing; and the characteristics of the execution venues to which that type of order can be directed. Orders of Retail and Professional Clients are generally not distinguished for execution as this is not a factor that changes the relative importance of the execution factors on a transaction by transaction basis.

5. EXECUTION FACTORS

We believe that price and cost are generally the most important execution factors for all our clients and, therefore, the best possible result is typically determined in terms of total consideration. Other factors such as speed, likelihood of execution, market impact and size are also considered - and may take precedence over price and cost in some circumstances - but only if they help to deliver the best possible results to our clients. We have listed these factors below, together with examples of when they may be a key factor in getting the best possible result:

Price – for the majority of transactions this is the key factor, subject to available liquidity.

Cost – we will consider the explicit costs (internal & external) for example, commission and any fees, along with the implicit cost such as potential market impact.



Speed – there may be instances where speed becomes an important factor such as meeting a deadline for a redemption of shares or units in a fund, or a portfolio liquidation.

Likelihood of execution and settlement – may become important in illiquid/large orders, where the trading venue is not obvious and there is a need to execute on a timely basis.

Size – where orders are larger than normal market size we may not be able to deal at the price we would if the order were smaller. Therefore, the completion of the order whilst minimizing market impact may take precedence.

Nature of the Order / Instrument – the characteristics of a particular instrument may determine the available venues. As an example, in OTC derivatives, we are obligated to trade with those counterparties with whom we have appropriate ISDA documentation. Additionally, for some asset classes we may be limited in the number of venues we transact with due to credit limits and exposure thresholds.

6. EXECUTION VENUES

An execution venue is an entity that facilitates the buying and selling of financial instruments that are in scope of this Policy. In meeting our obligation to take all sufficient steps to obtain the best possible results, we may use one of the following types of execution venue:

- Regulated broking firms, which may transact clients' orders on or off regulated markets
- Direct Market Access products
- Multilateral Trading Facilities
- Organised Trading Facilities
- Systematic Internalisers

The execution venues used will be determined with the goal of implementing the best strategy to get the best possible result considering the characteristics of the financial instrument traded. For Equities and listed options, we will typically access trading venues through an executing broker, whereas for other instruments such Fixed Income and FX, we will typically transact directly on a venue.

Sarasin can only trade with regulated brokers that are on an approved list. Each approved broker must undergo a thorough assessment to ascertain it meets the criteria for approval. We ensure that all brokers (often referred to as counterparties) have execution arrangements in place that will allow us to comply with our obligation to take sufficient steps to provide the best possible result for our clients when executing orders. Commissions paid to counterparties are subject to regular review by the dealing desk. The list of approved counterparties and venues at the time of publishing this Policy is included in the appendix.

7. CENTRALISED DEALING DESK

Sarasin operates a segregated centralised dealing desk that is responsible for implementing the decisions of our investment's teams. The dealing desk is responsible for execution of all asset classes except for funds, which are placed by the operations team.

8. CROSS TRADES

A cross trade is a purchase and sale of the same security between two or more accounts managed by Sarasin. Cross trades can meet the objective of best execution because there is no market impact and they incur minimal administrative fees or commissions. Subject to other constraints that may be applicable, Sarasin may perform a cross trade if it is in the best interests of the participating accounts and there is appropriate investment rationale for both the purchase and sale. Cross trades must only be placed via the market and the price achieved for the trade must be demonstratively fair to the participating accounts

with record keeping retained to reflect this. The price will generally be the prevailing mid-price for the security if there is one; or a fair price derived from independent market data.

9. ORDER EXECUTION

9.1 EQUITIES

The venue and execution strategy are of importance in meeting best execution for equity transactions. We use a variety of approaches when executing orders, from placing the order with a broker (high touch), utilising the brokers' algorithm trading systems (which is automated trading done by computers which are programmed to take certain actions in response to varying market data) and program trading (where multiple orders are grouped and placed with a broker). Each order is assessed for the optimal trading approach. Equity orders are generally placed electronically via an electronic trading communications protocol called FIX.

If the order is a small percentage of the ADV (average daily volume) of the security in the market, then we will generally trade via an algorithm depending on the region. Algorithms offer a cheap and effective way of executing relatively smaller orders.

Where orders are a large percentage of ADV either due to the size or the illiquid nature of a stock, then we will either try to source liquidity from an MTF (multi-lateral trading facility) or analyse which brokers have been actively buying or selling the stock. If this does not yield a positive outcome then the dealers may place the order with either a broker that has recently been trading the stock or decide to use an algorithm. In both scenarios, the dealer has discretion.

Program trading may be used for administrative purposes such as managing client inflow and outflow or implementing asset allocation changes. The orders are placed with a broker on an agency basis with specific instructions from the dealer. Orders can be added or created into a program basket by the dealing desk, if this is likely to lead to a potentially better outcome.

Execution Factors listed by importance are:

- Price;
- Cost;
- Size;
- Speed; and
- Likelihood of execution and settlement.

Where permitted by the Client, we participate in IPOs and primary placings; where a full allocation is not achieved, orders will be prorated using our order management system; subject to any client restriction regarding position size.

9.2 FIXED INCOME

Fixed income transactions are typically traded via Bloomberg's MTF using TSQX, which is its execution management system for fixed income. We may also transact with brokers by direct messaging and/or telephone calls. For transactions in the liquid government bond market, we utilise an RFQ mechanism. This means simultaneously asking a minimum of two brokers where possible for a quote. In selecting which counterparties to ask, we will assess a number of factors to ascertain likelihood of execution such as broker activity, indicative prices and historical execution hit and miss rate. If the order is large in nature, then the number of counterparties we request a quote from may be reduced to minimize information leakage. In less liquid bond markets, where liquidity and market impact are a greater factor, we will try to source liquidity and will refrain from seeking multiple quotations to limit adverse price impact.

Execution Factors listed by importance:

- Price;
- Cost;
- Size; and
- Likelihood of execution and settlement.

9.3 EXCHANGE TRADED DERIVATIVES

Listed derivatives may be invested in if permitted in the Client investment guidelines. They are either used for efficient portfolio management or to express an investment view.

Exchange traded derivatives are traded electronically. Depending on the size of the order, we may choose to execute via an RFQ where we simultaneously ask brokers for a quote, an algorithm or on an agency basis. If the order is below block size, (which is a threshold set by the exchange where trades above a certain size can be negotiated privately) then we may give the order to a broker on an agency basis or use an algorithm depending on the region. Exchange traded derivatives are centrally cleared by our appointed clearer, Goldman Sachs International. Price is the most important factor when trading in this asset class. When selecting a broker, we will take into consideration the size of the order but also look at historical hit/miss rates along with settlement.

Execution Factors listed by importance:

- Price;
- Cost;
- Size; and
- Likelihood of execution and settlement.

9.4 OVER THE COUNTER (OTC) DERIVATIVES

Where permitted by Clients, who have set up appropriate ISDA arrangements, we may trade OTC Derivatives.

Instruments we currently trade via OTC are FX forwards. Due to the nature of the legal documentation required before transacting in this asset class, we trade with a narrower universe of counterparties than for other instrument types.

Execution Factors listed by importance:

- Price;
- Cost;
- Nature of Order; and
- Likelihood of execution and settlement.

9.5 COLLECTIVE INVESTMENT VEHICLES

Where we buy and sell units collective investment scheme, we will execute these trades either directly with the transfer agent (TA) where we have dealing authority, or with the underlying custodian who will then place the orders with the TA. Where possible orders are sent via Galastone, an electronic dealing platform. Where electronic trading is not available, we place trades manually. This may be via e-fax, email or application form. When trading via manual instruction, where possible we will use an auto generated dealing ticket from our order management system with pre-populated information.

As collective investment vehicles are priced at a set dealing point, the most important execution factor is timeliness. We have internal cut off points during the day and month to ensure deals have arrived either at the TA or custodian before the next dealing point. These cut off times can vary depending on the fund or

custodian. We also consider our dealing method and we believe Calastone trades have better visibility of status as well as timely settlement information.

Primary Execution Factor:

- Speed

9.6 CASH DEPOSITS

Depending on the custodian account and type of client, cash deposits will either be retained at the custodian or deposited with other banks for the purpose of diversification and managing credit risk. We use interbank brokers to assess the best rates when depositing Client Money. Counterparties must first go through an approval process, which involves a detailed analysis carried out by the fixed income team. Before any monies can be deposited with a new counterparty, we must be in receipt of a two-way “Client Bank Account Acknowledgement Letter” to comply with FCA Client Money rules.

When depositing Client Money with a counterparty, the most important factors are credit risk and price. There are internal exposure limits placed on counterparties on both an individual and aggregated basis, which are monitored daily. Along with on-going monitoring, credit notes are refreshed yearly.

Execution Factors listed by importance:

- Nature of Order;
- Price; and
- Settlement.

9.7 FOREIGN EXCHANGE (FX)

We trade foreign exchange spot transactions in settlement of securities denominated in currencies other than the portfolio base currency. Depending on the type of client and custodian, FX transactions will be traded via one of these methods:

- Negotiated trades - we will trade electronically with the client’s custodian bank. In this instance, we will verify all rates via price sources such as Bloomberg. In the event that the rate is not acceptable, we will challenge the counterparty.
- Standing Instructions – for the majority of segregated custody clients we operate using standing instructions with their appointed custodian. Trades are sent to the custodian to be executed on an aggregated net basis at agreed intervals, this may utilise a fixing point.
- Manual Instructions – for FX counterparties where we do not have an electronic interface- instructions are transmitted using a dealing ticket generated automatically from our order management system

With all FX transactions, we will net off against each currency pair to reduce market impact. This means offsetting exposure in one currency by matching buys and sells and then trading the net amount.

There may be instances where we trade spot FX or FX forwards with a Group entity Bank J. Safra Sarasin. This will occur when the Bank is the client’s custodian bank, and as requested by the Client.

We do not monitor best execution on FX transactions performed by custodian banks appointed directly by our Clients.

Execution Factors listed by importance:

- Price;
- Nature of Order; and
- Settlement.

Forward FX trades, which are used for hedging or investment purposes, are either executed with a selected approved counterparty or as instructed by the Client. The majority of trades are carried out over Bloomberg MTF.

When trading forward FX, prices and the nature of the order are the primary factors, followed by settlement:

- Price;
- Nature of Order; and
- Settlement.

10. MONITORING

Sarasin's Best Execution Forum monitors the effectiveness of execution arrangements and the yearly review of the Order Execution Policy. The Forum has members from a range of departments, including Dealing, Risk, Compliance and Asset Management and meets monthly.

To assist in measuring best execution we use independent Transaction Cost Analysis (TCA) reports and data, along with in-house data from other independent sources.

10.1 FIRST LINE OF DEFENCE MONITORING

Equities: For Equity orders, we operate an exception-based approach. Trades that fall outside of tolerance are flagged on a T+1 basis. These tolerance levels have been agreed by the Best Execution Forum. For any exception, the Dealing Desk will provide a rationale for any outliers, which is evaluated on a monthly basis, by the Best Execution Forum.

Bonds and Listed Derivatives: For derivatives and bonds, we use internal data to ensure competing quotes have been obtained where relevant.

FX Spot & Forwards: Prices are monitored against a benchmark.

10.2 SECOND LINE OF DEFENCE MONITORING

The second line teams perform independent monitoring according to a risk-based monitoring plan (or on an ad hoc basis when necessary) to verify the adequacy and effectiveness of the measures and procedures put in place to ensure that we comply with our obligations under this Policy.

APPENDIX

APPROVED BROKERS AND SIGNIFICANT COUNTERPARTS AS JANUARY 2024

EQUITY TRADING COUNTERPARTIES	EXCHANGE TRADED (LISTED) AND OTC DERIVATIVE COUNTERPARTIES	FIXED INCOME COUNTERPARTIES
Bank of America Merrill Lynch Berenberg	Bank of America Merrill Lynch	Bank of America Merrill Lynch
BMO Capital Markets	Dash financial technologies	Barclays Capital
BTIG Limited	Goldman Sachs International	BNP Paribas
CBOE Bids	HSBC Bank PLC	Canaccord Genuity Limited
Citigroup Global Markets Limited	Morgan Stanley Co Intl PLC	Citigroup Global Markets Limited
CLSA (UK)	FOREIGN EXCHANGE	City and Continental
Cowen Execution Services Limited	Banque J Safra Sarasin	Credit Agricole Corporate and Investment Bank
Credit Suisse	BNP Paribas Securities Services	Credit Suisse
Dash financial technologies	RBC Investor Services Trust	Deutsche Bank AG
Goldman Sachs International	The bank of New York Mellon	Goldman Sachs International
HSBC Bank PLC	The Northern Trust Company	HSBC bank Plc
Instinet Europe Limited	CASH	ICAP Securities
Jane Street	DBS Bank Limited	Jane Street
JP Morgan Securities	Lloyds Bank PLC	Jefferies International Limited
Jefferies International limited	Mizuho Bank LTD	JP Morgan Securities
Liberum	MUFJ Financial Group	Liquidnet
Liquidnet	Nationwide Building Society	Lloyds Bank
Morgan Stanley Co Intl Plc.	Santander UK PLC	Mizuho International PLC
Northern Trust Securities LLP	Sumitomo Mitsui Banking Corp	Morgan Stanley Co International PLC
Numis Securities	The Bank of New York Mellon	MUFJ Trust International Ltd Limited
Peel Hunt LLP		
RBC Europe Limited		
Redburn Atlantic ltd		
Sanford C Bernstein		
Stifel Nicolaus Europe Limited		
UBS AG		
Virtu		
Wells Fargo Securities International		
Winterfloods Securities Limited		

We typically trade with the UK Registered Branch of the named entity - for more information please contact us.