



BEST EXECUTION POLICY

Mole Valley Asset Management (MVAM) has established and approved this Best Execution Policy.

MVAM is authorised and regulated by the Financial Conduct Authority (FCA). This Policy applies to all clients of MVAM, when relevant regulated investment services are provided.

1. About Mole Valley Asset Management Ltd

Mole Valley Asset Management Ltd is a discretionary wealth manager authorised and regulated by the Financial Conduct Authority, the independent watchdog that regulates financial services. Our FCA Registration number is 613008.

Our permitted business is Financial Advice, Discretionary Portfolio Management and handling Client Money.

2. Executive Summary

MiFID II Article 27(1) defines best execution as the obligation on firms to 'take all sufficient steps to obtain . . . 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 execution'

MVAM sees that best execution is focused on the best possible overall results on a consistent basis, and not necessarily the best price for each individual trade. Explicit costs such as fees and commissions, have been considered, as well as factors such as speed, likelihood of execution, foreign exchange, settlement costs etc.

This Policy sets out the processes designed by MVAM to achieve the appropriate results in accordance with its objectives of:

- Achieving the best results for the Client
- Meeting MVAM's regulatory obligations.

At the date of the issue of this Policy, MVAM only invests in financial instruments, such as equities and bonds, which are traded on execution venues.

Through its Investment Policy, MVAM conducts its processes in a manner which is designed to achieve the best result for the clients and meet the underlying objectives of the FCA's Best Execution rule set out under the Conduct of Business (COBS) COBS 11.

Should any material changes occur to the strategies or regulatory classification of MVAM, which would result in trading occurring in financial instruments on behalf of clients, on non-execution venues, the Firm would review and adopt the appropriate changes to the Policy. In

accordance with sound practice and the regulatory requirements, MVAM will periodically review, and where relevant, change its processes at that time, making appropriate disclosure.

3. Purpose & Scope of Policy

The purpose of the Policy is to set out the structure and methodology adopted by MVAM in relation to the best execution of transactions on behalf of its clients. The processes and methodology for the best execution forms a fundamental part of the role of MVAM in the management of client assets. It is therefore of importance that the best execution, supported by the other Policies are robust, consistent and timely.

4. Principle

The Board of MVAM (the Board) and all MVAM staff are required to exercise due skill, care and diligence in relation to the operation of this Policy. Where the Policy requires the support of third parties in relation to outsourced or delegated functions, MVAM remains responsible for the oversight of these functions.

5. Governance

The Policy is subject to the assessment and approval of the Board. Changes to the Policy can be made by the MVAM Senior Management team but must be brought to the Board at the next meeting for assessment and continued approval. Any update by the Senior Management team must be duly notified to the Board, for information purposes.

The Managing Director is the owner and responsible for the maintenance and operation of this Policy.

The Policy will be reviewed and updated at least annually, and when required – particularly in the event of a material change.

6. Execution Factors

In seeking to give the clients best execution, MVAM is required to consider certain execution factors and decide on their relative importance.

Whilst price is likely to be the key execution factor, total cost of a transaction is the most relevant to retail clients. In seeking the best possible result, the following additional factors are also considered by MVAM:

- Cost of execution
- Speed of execution
- Likelihood of execution or settlement
- Size of the order
- Nature of the order
- Any other consideration relevant to the efficient execution of the order (including the availability of liquidity and the market impact of the order).

7. Establishing Best Execution Arrangements

In determining the relative importance of the execution factors, MVAM will consider the following criteria:

- The characteristics of the portfolio including its risk profile
- The characteristics of the order (e.g. type of trade);
- The characteristics of asset class that are the subject of that order
- The way the instrument is traded
- The objectives, investment policy and risks specific to each individual client by MVAM, as indicated in the “How We Run Your Money” document or each individual’s client agreement.

Upon deciding to execute a transaction, MVAM will arrange for the prompt and fair execution of that order and ensure that it is promptly and accurately recorded and allocated. Orders will be executed promptly except to the extent that characteristics of the order or current market conditions make this impracticable or it is otherwise in the best interests of the client.

MVAM select the approved brokers on the basis of the execution factors. In assessing the factors, the Firm will consider whether the brokers have the relevant geographic and/or sector knowledge and undertake activity in the particular financial instrument.

MVAM would only pass an order to a broker to execute a transaction, which:

- Is subject to the obligation to take all sufficient steps to obtain the best possible result for its clients considering the execution factors
- 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 MVAM’s own obligations.

8. Execution Venue Transactions

Equities (including rights, warrants etc received as part of a corporate action):

At MVAM we have access to a range of equity execution venues. However due to the size of the firm, it has been deemed proportionate to have only three approved execution venues, to facilitate best execution for our client orders. As a relatively small player in the markets, MVAM feels that 3 venues should generally be sufficient in order to retain our relationships with each, but most importantly to provide best execution, based upon price and cost, as well as likeliness of execution and exchange rates for non-GBP transactions.

The three execution venues are:

- AJBell Securities Ltd
- Investment Technology Group Ltd
- Joh. Berenberg, Gossler & Co KG

Execution venues are reviewed regularly by the Board to ensure we have sufficient relationships and coverage across all asset classes to provide Best Execution, and these reviews could lead to the addition or removal of execution venues from time to time.

The Board can also review the performance of execution venues by using third party tools such as Bloomberg, if it deems necessary and has Transaction Cost Analysis available if needed. Annually the Board will see a report compiled by senior management that will assess the execution venues used. The first report will be submitted in early 2019. This should ensure that trading costs are within expectations and could also approve the removal of an execution venue, if we feel it is not providing Best Execution.

We will use the venues to execute client orders using the following methods or a combination of:

- Regulated Markets (RM)
- Multilateral Trading Facilities (MTF)
- Organised Trading Facilities (OTF)
- Any other relevant execution venue

MVAM will never deal on our own account and therefore will never quote our own price to a client, thus removing any conflict of interest when achieving Best Execution.

For large transactions or for instruments with limited liquidity, our portfolio managers will use their experience in placing orders, with the objective of achieving the best possible outcome.

On an annual basis, MVAM will publish its Top 5 Execution Venues on the MVAM website, www.mvam.com by 30th April, for orders placed between 1st January and 31st December of the previous year, and the information will remain available on the website for a minimum of 2 years.

Debt Instruments (Government & Corporate Bonds and Money Market Instruments)

Debt instruments (or fixed income) will be traded by portfolio managers contacting two execution venues to obtain Best Execution. This execution process is different to that used for equities as the bond market tends to be less transparent.

Venues used to execute this business:

- AJBell Securities Ltd
- Joh. Berenberg, Gossler & Co KG

As for equities, the debt instrument execution venues are reviewed regularly by the Board to ensure we have sufficient relationships and coverage across the asset class to provide Best Execution, which could lead to the addition or removal of execution venues, with the total costs being the most important factors.

The Board will review the performance of execution venues by using third party tools such as Bloomberg to compare prices received by MVAM to prevailing market prices in the hour of the trade, if it deems necessary. Annually the Board will see a report compiled by senior management that will assess the execution venues used. The first report will be submitted in

early 2019. This should ensure that trading costs are within expectations and will approve the removal if we feel the execution venue is not providing Best Execution.

On an annual basis, MVAM will publish its Top 5 Execution Venues on the MVAM website, www.mvam.com by 30th April, for orders placed between 1st January and 31st December of the previous year and the information will remain available on the website for a minimum of 2 years.

9. Executing an Order

In executing your order, MVAM:

- will not trade as Principal, ie MVAM will not trade for it's own purposes
- will always trade as an Agent, ie MVAM will trade for it's clients
- will apply a range of criteria when determining which counterparties, we deal with including the overall level of service delivered

Where possible, client orders will be aggregated. These orders will be subject to our internal allocation policy unless the portfolio managers feel the aggregation will disadvantage the client. Aggregation of orders may occasionally work to the client's disadvantage resulting in our clients obtaining a worse price than if their order was executed separately.

The provision of research will not affect our principal objective to achieve the best possible price, as all research costs are unbundled. MVAM accept that the cost of research is a cost of doing business which will benefit all clients, and therefore would not be swayed to utilise a particular venue based upon any research that the venue may have provided. We receive research from a number of sources, all of which are paid for from the MVAM operations account, and not allocated to particular clients.

For trading MVAM will liaise with our chosen venues to obtain Best Execution as per above factors.

International Equities are routed to venues with International presence and expertise. Normally the portfolio manager will issue a price limit on the trade to ensure that the price traded meets requirements.

The conduct of processes prior to the execution of acquisition or disposals are set out in the Investment Procedure.

Periodic review of the investment process itself and of third parties supporting the execution process is undertaken to ensure that it continues to be fit for purpose.

10. Monitoring Best Execution Arrangements

MVAM will check a percentage of trades weekly, using third party tools such as Bloomberg to analyse the pricing achieved on execution. The checks will cover equities, fixed income and third party-provided FX which is provided by the venue at the time of trade execution.

These checks will look for the price received compared to market prices at the time of trade, taking into account factors such as size of order, and the overall costs when commission payable to the venue is considered. These checks will be recorded and used for analysis over a 12 month period.

We will also utilise the data that venues are expected to provide as part of the MiFID II (RTS27) requirements where it is relevant. This analysis will be presented to the Board at the first Board Meeting of each calendar year to assess the ongoing relationship with each execution venue.

Monitoring will use Bloomberg to look at pricing, and if deemed relevant, transactional cost analysis.

Further to this, MVAM has organised to test an order routing system in early 2018 to look at whether this system gives more information to allow improvement in best execution. The decision made will depend upon the assessment of the benefit of the system compared to the cost of the system.

11. Charges

It is MVAM's policy that its commission and charging structure will not influence either the selection of Execution Venues or the order flow that follows as a result of the execution process. MVAM will not therefore discriminate between the Execution Venues we use to execute your orders.

MVAM charges 0.3% commission and £5 admin fee on each trade.

MVAM makes a profit over the year on trading.

On reviewing the Firm's charging procedures in October 2017 the senior management team considered charging no fee or a flat fee for dealing and adjusting management fees accordingly.

The decision was made to maintain the fee structure for the following reasons:

- Increasing dealing costs, not only associated with broker fees but also CREST charges, new MIFID 2 costs from transactional reporting, to payment for research meant that MVAM costs were actually increasing
- MVAM did not want to be in a position where trading lost the company money. It is the firm belief of the company that active management is positive for portfolio performance and that contrary to popular belief holding on to the same shares for too long actually harms performance.
- Risk levels generally equate with turnover levels ie the higher risk portfolios tend to see the higher turnover (portfolio size can be an exception here).
- Dealing requires effort, analysis and allocation. The 0.3% fee is seen as a fair balance set against the other fee structures and investment policies.
- Transparency. MVAM is clear to all its clients in the way that it charges fees and makes it clear to clients that it profits from trading on their portfolios.

MVAM recognize that there is a potential conflict of interest here, as they would make larger profits by dealing with Brokers that charge the lowest commission. However, MVAM has a clear Conflict of Interest policy, and all portfolio managers receive full training and are well aware of how to manage this kind of conflict.

To mitigate this particular potential conflict, MVAM will monitor the level of trades between the 3 chosen execution venues and will ensure that order flow is not always channelled towards the lowest price broker, but rather best execution monitoring determines clear advantage to the client by using a particular venue.

12. CREST

MVAM has decided to settle all deals through CREST. This means all trades are settled in GBP even when assets are traded in other currencies.

MVAM has a CREST sponsored account. The sponsor is AJBell.

MVAM bears the cost of any custodian charges charged by its CREST sponsor AJBell.

MVAM looked at either using solely CREST for settlements and custody or having separate accounts to hold shares in different national accounts, as is done by most of the industry when trading outside the UK. It was deemed that due to MVAM's relatively small size the benefits of using CREST outweighed those of having separate custody accounts. The main reasons for this were:

- All trades are settled in Sterling. This means cash levels are easily reconciled and clear.
- Cost of having separate accounts. Fee charges for separate accounts are higher than having just one CREST account. While this may be beneficial for larger companies where they have a fund that only deals in Euros and therefore does not have to consider foreign exchange or cash movements from one account to another as MVAM trades across all European currencies the costs of all separate accounts coupled by logistics and costs of moving the cash to the right account in MVAM's opinion outweigh the benefits of separate custodian accounts.

MVAM hold client assets in their own wholly owned subsidiary, Cotmandene Nominees. It was noted that the higher cost of transfer into CREST of European shares had caused the following issues to be addressed:

- Commission - The original venue used by MVAM for European shares dealing increased the commission rate after a period of time. MVAM looked at a number of other venues that would also provide the same service and therefore established a relationship with a more cost-efficient broker.
- Prices - MVAM are aware that there has been little competition for where agency brokers can go to get European shares to be bought and dealt into CREST, namely Winterflood and Peel Hunt. The policy therefore is for portfolio managers to set price limits when dealing with European shares when trading.
- MVAM have subsequently increased their trading venues to three. This is deemed sufficient given the size of the Firm at present.

While using CREST where trades are settled in GBP means that the Firm does not participate in currency trading per se, the execution venues effectively trade FX for MVAM clients. Therefore, MVAM will monitor rates achieved by the venues, in line with the arrangements set out in the Monitoring Best Execution Arrangements section above.

MVAM is set to review both settling entirely in CREST and its CREST sponsorship by AJBell during 2018 reporting to the Board in early 2019.

13. Mitigation of risk related to execution

The main risks related to execution of transactions, as at the date of the issue of the Policy, are:

- failure to execute transactions in accordance with the Investment Policy
- failure to keep up to date with sound business practices in terms of valuing assets
- failure to adapt the Policy and the Investment Policy to changes in the regulations should these arise
- failure to achieve Best Execution consistently

To mitigate these risks, both the transactions and policies are reviewed and approved by the Board. MVAM is kept up to date with the regulatory and best business practice requirements through staff training courses in addition to the advice of external professional advisers.

14. Use of Third Parties

MVAM is classed as a 'Professional Client' with all counterparties and are not subject to Third Party Best Execution rules. The client will therefore rely on MVAM's own monitoring as per this Best Execution Policy which is overseen by the Board.

15. Training & Awareness

All MVAM individuals involved in the execution process and the Board are required to read and understand this Policy. This is to ensure that the allocated responsibilities are performed appropriately in accordance with sound practice. As and where appropriate, such individuals will be provided with training to support this awareness requirement.

16. Management Information

MVAM will create and issue Management Information (MI) which is designed to enable the Board to assess the adherence to the Policy. This MI is designed to enable MVAM to:

- Ensure that it has the appropriate information to assess the execution performance against the Policy requirements;
- The performance of the investments against the projections, which are used as the basis for the pricing;
- Identification of any issues that arise through the execution process, which require changes to the Policy, changes to third party relationships or other remedial actions;
- The efficiency, effectiveness and accuracy of the execution process.

The quality of individual executions will be subject to periodic review. In addition, on a regular basis MVAM assesses the quality of its execution arrangements and, where appropriate, make changes. The results of such reviews shall be included in the MI.

The MI is subject to periodic review by the Board. The MI is to include, but is not limited to:

- Sample testing of deals to see price achieved versus market price at the time using third party pricing source.

- Comparison between different venues used and the price achieved relative to each other.
- Difference in price for European trades versus third party market price and UK trades versus third party market price to see if there is clear cost of CREST settlement of European trades in price received.

17. Record Keeping

MVAM is required to retain and maintain records of the transactions to meet regulatory, internal policy and investor requirements. The underlying transaction records will be maintained as follows.

Under the MVAM internal requirements, the records are to be retained for the following period by MVAM:

- Transactions executed for investors – not destroyed;
- Supporting analysis and reports of transactions – 5 years from the date of the completion of the transaction;
- Board approval and supporting information – not destroyed.

If a client removes their assets from MVAM, records of executions and transaction reports will be retained for a period of at least 5 years from the replacement date.

19. Change Management & Policy Review

This Policy will be subject to reviewed annually in the first month of the calendar year. The first review of this enhanced best execution policy will take place in January 2019. All changes to the Policy are to be approved by the Board in its end of January early February meeting.

MVAM will regularly assess the Execution Venues available in respect of any products that we trade to identify those that will enable us, on a consistent basis, to obtain the best possible result when executing orders. The list of Execution Venues will then be updated, where necessary, following such assessment

The most recent version of our Execution Policy, including any future amendments, will be available from our website: www.mvam.com.

20. Questions

If you have any questions regarding our Execution Policy, please contact us or your Adviser or Relationship Manager.