

APPENDIX 1

ORDER EXECUTION POLICY

1. Introduction

Charles Taylor Investment Management Company Limited is authorised and regulated by the Financial Conduct Authority (“FCA”). The Firm undertakes discretionary portfolio management for a number of clients and employs a mixture of strategies to do this. Its permissions enable it to undertake the following regulated activities:

- Advise on investments;
- Arrange deals in investments;
- Manage investments;
- Deal in investments as agent; and
- Make arrangements with a view to transactions in investments and manage investments.

As a discretionary portfolio manager, the Firm makes decisions to deal and subsequently either transmits or executes these decisions on behalf of its clients.

The Firm is an investment firm and, as a result of the activities it undertakes, falls within the scope of the Market in Financial Instruments Directive (“MiFID”). Investment firms subject to MiFID must take all sufficient steps to obtain the best possible result for our clients and when doing so take into account the execution factors to obtain the best possible result when executing orders on behalf of clients. This is the best execution obligation and its requirements are set out in COBS 11.2, as superseded by Article 27 of MIFID II.

In accordance with the best execution requirements, the Firm will always act in the best interests of its clients when placing orders with other entities for execution.

Best execution applies to all types of financial instruments, but it will be applied in a manner that takes into account the different requirements associated with the execution of orders pertaining to different types of financial instruments.

It should be noted that best execution will apply to each client order executed.

2. Purpose

As required by FCA regulations, the Firm has produced this Order Execution Policy (“OEP”), which sets out the arrangements that the Firm has implemented in order to comply with its best execution obligation. It is part of the Firm’s commitment to embedding into its practices all sufficient steps to put clients’ best interests at the heart of the Firm’s activities. The Firm must obtain the prior consent of its clients to this execution policy.

3. Obligation

All Firm personnel with responsibility for placing orders must ensure that, in placing orders, they always act in the best interests of their client. This will be achieved by following the approach set out in this policy, unless it can be demonstrated that a better outcome can be achieved by employing an alternative approach. If an alternative approach is employed, the placing individual must record and report the circumstances to Compliance, who will consider whether amendments to this OEP are required.

If the Firm receives specific instructions from a client in relation to a transaction, those instructions supersede its OEP and we will have satisfied our obligation to take all sufficient steps to obtain the

best possible result for the client. Execution of the order must comply with the client instructions and, where not covered by the client's instructions, with this OEP, to an extent compatible with the client's instructions. We will compare and analyse any relevant data, including that made public by execution venues and market makers, in order to obtain best execution. We must not induce a client to instruct an order in a particular way where we are aware that in doing so that effect is likely to prevent the client from obtaining best execution. This does not prevent the personnel responsible from inviting the client to choose between two or more specific trading venues, as long as those venues are in line with this OEP.

Any instruction from a client may prevent the firm from taking steps that we have designed and implemented in this OEP to obtain the best possible result for the execution of those orders in respect of the elements covered by those instructions.

The Firm will be involved in the transmission or execution of orders in all types of financial instrument. The obligation applies to all asset categories. When determining their approach to achieving best execution, traders must decide whether the Firm will execute the trade itself via Direct Market Access ("DMA"), or whether the transaction will be transmitted to an executing Broker/Counterparty. This is the initial step in ensuring Best Execution is provided. The decision is taken with reference to the "execution factors" and the "execution criteria".

4. Execution Factors

The "execution factors" are any considerations relevant to the execution of an order. The Firm's OEP sets out the process for determining the relative importance of each of the execution factors in relation to each trade. The factors to be considered are:

- Price;
- The Broker's/Counterparty's expertise relevant to the specific instruments traded;
- Speed of execution;
- Transaction costs, including fees and commissions;
- Likelihood of execution and settlement;
- Size of the order;
- Nature of the order;
- Market impact; and
- Other considerations relevant to the order.

Execution Criteria

When executing a client order, the Firm must take into account the following criteria to determine the relative importance of the execution factors:

1. The characteristics of the client;
2. The characteristics of the client order;
3. The characteristics of the financial instruments that are the subject of that order; and
4. The characteristics of the execution venues to which that order can be directed.

These criteria should be carefully applied in each instance to determine the priority of each execution factor. Further detail regarding the application of the execution criteria is set out below.

In accordance with Article 27 of MIFID II, an execution venue for the purposes of this policy includes a regulated market, an MTF, an OTF, a systematic internaliser or a market maker or other liquidity provider or an entity that performs a similar function in a third country to the function provided by any other firm caught by this definition.

5 Price

Price is generally the priority execution factor for consideration in obtaining best execution for a client, but in some circumstances other execution factors may be more important. All Firm personnel placing orders using a broker/counterparty or DMA should do an exception note on the transaction record where price is not the priority factor, which factor is, and why.

6 Use of Broker/Counterparty or DMA

A key part of the process of obtaining the best possible result for the client (and therefore one that is integral to the OEP) is the decision as to whether to use a Broker/Counterparty or DMA to execute the order. A further decision will then need to be made as to the choice of a suitable Broker/Counterparty/venue. In doing so, the dealer involved will only use approved brokers/counterparties only.

Where there are competing options, the Firm will consider the full cost and commission implications of each and in placing an order a note should be made on the transaction record saying which option has been chosen and why. The Firm's internal commission structure will not favour one over another and its commission charges will reflect only those charges it incurs.

7 Selecting the venue or Broker/Counterparty

For each of the instruments listed in the appendices below, once the decision to deal has been taken, the choice must first be made as to whether to use a Broker/Counterparty or whether to execute the transaction via DMA. If the former approach is chosen, a Broker/Counterparty is selected. If the latter approach is taken, a market is selected. This decision will be unique depending on the instrument and will be based upon the relative importance of the execution factors and execution criteria.

The nature and circumstances of the transaction will determine the priority given to each of these execution factors. In determining priority, the Firm will take account of the characteristics of the financial instrument, the market in question and the circumstances of the order, including any criteria specific to the fund.

The Firm will ordinarily treat price, followed by cost, as the highest priority execution factor to differentiate between markets and/or Brokers/Counterparties. However, where the Firm considers that there is a reduced likelihood of successful execution or settlement through a particular Broker/Counterparty or market, it will avoid trading through that entity. Furthermore, in circumstances where there is rapid price movement and any delay is considered likely to disadvantage the client, the Firm will treat speed as the priority factor (above considerations of price and cost).

In deciding whether to place an order through a Broker/Counterparty, the Firm will have in mind, including but not limited to, the following execution factors:

- a) Likelihood of successful execution and settlement;
- b) Price; and
- c) Cost.

Consequently, the Firm's use of Brokers/Counterparties is intended to enhance the overall quality of execution taking these factors into consideration. If the same transaction can be executed on similar terms, without the payment of brokers' commission, it is the Firm's policy to avoid the appointment of a broker for that transaction to control client costs.

8 Expertise, Likelihood, Instrument: Considerations relating to Counterparty/Broker and Illiquid Instruments

In selecting a Broker/Counterparty, a priority factor for consideration will be their investment expertise. This is based on the view that, the greater the Broker's/Counterparty's expertise, the better will be the overall execution, albeit that cost, especially the broker's commission, may not be the most competitive and is thus de-prioritised. Should the nature of the stock concerned present challenges to successful execution due to its obscurity, its illiquidity or due to under-researched markets or small capitalisation, the Firm has the option to engage a Broker/Counterparty for such a transaction.

9 Cost: Considerations relating to commission rates

We will not receive any remuneration, discount or non-monetary benefit for routing client orders to a particular trading venue or execution venue which would infringe on the conflicts of interest or inducements requirements which the Firm are subject to.

We shall not structure or charge commissions which would discriminate unfairly between execution venues. Albeit, the Firm maintains a policy to select the Broker/Counterparty that charges the lowest commission rate and fees. However, as is specified elsewhere in this policy, cost of transaction is ordinarily not the highest priority factor and, in some circumstances, will be a low rated factor. Where there is a direct choice of Broker/Counterparty, with other factors being equal, the broker with the lowest commission rate will be used.

By direct extension, where the payment of commission can appropriately (and without client disadvantage) be avoided altogether, it is the Firm's policy to deal accordingly.

10 Speed, Likelihood, Nature: Considerations relating to large transactions

Where a transaction is non-market size or illiquid, it is the Firm's policy to use a Broker/Counterparty to manage the execution of the transaction, on the consideration that the Broker/Counterparty will possess the expertise necessary to achieve effective execution of that transaction. In these circumstances, the Firm's priority factor will ordinarily be either the Broker's/Counterparty's ability to complete the transaction successfully, or price. Consequently, the cost of transaction (in terms of the Broker's/Counterparty's commission) will be attributed a relatively low priority, reflecting the importance of selecting a broker with the requisite expertise.

11 Speed, Likelihood, Nature: Considerations relating to speed of transactions

When the price of the contemplated stock is moving rapidly, either as a result of the issue of public information relating specifically to that stock, or because of wider market movement, speed of execution will be the priority factor. Speedy execution is achieved through either appropriate DMA, if available, or the use of a large Broker/Counterparty capable of achieving rapid and effective execution in the circumstances and with the stock in question. Secondary to speed will be successful execution, followed by cost. The price factor in these circumstances is thus inevitably de-prioritised.

12 Speed, Likelihood, Venue: Considerations relating to speed of settlement

Where speed of settlement, as an execution factor, is of material importance, this will be prioritised above cost of transaction and price, although this does not imply that cost and price are irrelevant – merely of lower priority. As a means of procuring speedy settlement, it will normally be necessary either to select an execution venue which provides fast settlement terms as standard or to negotiate with a Broker/Counterparty for special settlement terms. The latter will usually result in the selection of a substantial and well capitalised Broker/Counterparty capable of providing such a service, notwithstanding that they may not be the most cost competitive. In exceptional circumstances, settlement may be delayed and the terms of this will be agreed between the Firm and the relevant Broker/Counterparty at the time of transmission. In these circumstances, the speed of settlement is inevitably de-prioritised.

13 Market Impact, Size: Considerations relating to large transactions

Where a transaction is of a size or in an illiquid market that if done in one trade might have disadvantageous consequences for the price achievable for the client, the transaction may be done through several smaller trades using different Brokers/Counterparties and even over different days to keep the cumulative size confidential. Market impact on price is prioritised over cost in these circumstances.

14 Expertise, Likelihood, Nature, Other, Venue: Considerations relating to geographical location

In the selection of a Broker/Counterparty/venue, geographical location may be a material consideration. Where appropriate, in order to minimise the cost of transaction, it is the Firm's policy to use DMA to which it has access. In practical terms, this will usually only apply in geographical locations where well-developed markets exist. If the stock concerned is obscure, the use of a Broker/Counterparty with known expertise in relation to that stock and its geographical location will ordinarily be the preferred means to ensure successful execution and the best price, recognising, however, that the Broker/Counterparty may not be competitive on cost.

In other circumstances, transactions will generally be arranged through a UK-based Broker/Counterparty where the Firm is able to procure competitive commission rates and has reason to believe that the Broker/Counterparty is competent to execute the transaction in question, thus prioritising satisfactory execution, price and cost in that order.

15 Details of Brokers/Counterparties and venues

As set out above, the selection of a venue/Broker/Counterparty will result from the prioritisation of the execution factors according to the individual transaction. Appendices A and B set out the Firm's views of the various aspects of each venue/Broker/Counterparty that are ordinarily authorised for use. It is acceptable in some circumstances, as explained above, for price and/or cost not to be the highest priority execution factors. However, where the decision is taken that other factors have higher priority in the context of an individual transaction, a record should be made, as part of the transaction record, of that decision and the rationale for it. Price and cost will usually be the highest priorities, subject to the fundamental capacity of that venue/Broker/Counterparty to facilitate the transaction.

Any amendment to the Broker/Counterparty and venue details set out in the appendices are to be notified to the Compliance Officer.

16 Nature of the Order: Considerations relating to linked transactions

Special consideration will be required where two or more transactions are linked, i.e. when dealing in an instrument and placing a corresponding derivative transaction on the same underlying instrument (for example, when dealing in convertibles and shorting the equity). In these circumstances, the Firm's priority is to avoid unnecessary exposure to the fund, by combining the transactions and placing them with a single Broker/Counterparty. In so doing, the likelihood of successful combined execution will be prioritised, as will the price for the convertible element and overall cost. However, for the secondary equity transaction, the Firm will prioritise price, which must match on both transactions, and speed, which is required in order to prevent the risk that price movement might remove the scope for the required matching. The Firm will, however, de-prioritise costs, which may not be competitive if looked at in isolation, or which otherwise may not result in a successful hedge or offsetting position.

16 Client consent

The Firm must obtain the prior consent of each client to its execution policy. Unless the client advises the Firm to the contrary, the Firm will deem that consent to have been provided following the client's receipt of the notification contained within the summary of this OEP. Client Consent

will be deemed to include both general consent and express prior consent for orders executed outside a trading venue.

We may execute orders outside of a trading venue and by signing this OEP Consent you have given your express prior consent to such transactions. Trading outside of a trading venue may have certain consequences including counterparty risk. Please let us know if you would like additional information on the consequences of this means of execution.

If you do not provide consent we will be unable to provide services to you.

17 Changes to this OEP

Should the Firm amend this OEP materially, it is the responsibility of Compliance to ensure that clients are notified of that change. A material change is one about which disclosure is necessary to enable the client to make an informed decision about whether to continue utilising the Firm's services. Immaterial changes do not need to be notified.

18 Client instructions

As set out above, in the event that specific instructions are received from a client in respect of the execution of a transaction, the Firm satisfies its best execution obligation by following those specific instructions. The Firm must not induce a client to give specific instructions in order to remove the need for it to provide best execution. Any aspect of execution not covered by the client's instructions, should comply with this OEP, to such extent as is compatible with those instructions.

19 Evidence of Best Execution and Sample Sizes

The Firm must be able to demonstrate to its clients, at their request, that it has executed transactions in accordance with this OEP. It is therefore essential that transaction records provide adequate details for this purpose.

The size of post-trading samples must be proportionate but of sufficient size to reach reasonable conclusions on whether poor outcomes for clients are likely to be picked up, brought to supervisory attention and acted upon. We strive to generate sufficient evidence for clients, the Firm and its regulators to show that we consistently take all sufficient steps to deliver best execution of orders.

20 Monitoring and review of execution arrangements and policy

To ensure that this OEP and execution arrangements remain appropriate and in line with requirements and in line with requirements under COBS 11.2.27 R and Article 27 of MIFID II and the Firm is achieving the intended outcomes on an "on-going" basis, Compliance will monitor the effectiveness of order execution arrangements, involve the front-office and report this at least annually, or in the event of a change of circumstances which may affect the Firm's ability to achieve best execution, to the Board for its review. Material changes in circumstances requiring review before the next annual review to include significant internal operational changes; market structure changes; entry and/or exit of market participants; significant changes in technology; mergers of execution venues; and change in identity of DMA provider.

This review will include the following:

- A review of available execution venues to confirm that the venues continue to be appropriate for consideration in achieving best overall results on execution of orders;
- A review of the quality and appropriateness of the execution against the terms of this OEP;
- A review of access providers to determine whether they continue to provide access on appropriate terms. Each provider will be assessed and those falling below the necessary standard will be required to improve their performance or cease to be used by the Firm.

The dates and details of any changes to the OEP, execution venues or Brokers/Counterparties will be documented by Compliance.

Pre-trade monitoring is done by the person placing the order and the authoriser as the front-office line taking into account any new products or services being offered by the firm. If there is disagreement on the Venue or Counterparty/Broker or whether to use DMA the decision should be referred to the Firm's CEO.

Post trade monitoring to evaluate performance actually received for clients should be done and reported quarterly in meetings with the front-office line providing management information to the Firm's senior management and Compliance who will pass it up to the Board for feedback and to drive any improvement suggestions. Front-office should highlight any shortcoming it thinks has occurred paying particular attention to the performance of Counterparties/Brokers qualitatively and who gets roughly which proportions of our trades. In particular we review non best price situations so that any problem is escalated and corrective action can be taken through supervisory oversight. Compliance shall operate as the independent second line defence to scrutinise decisions made and performance to pick up any other problem for similar escalation.

The Firm's quarterly compliance monitoring is to determine whether transactions have been conducted in accordance with the policy and the quality of execution has been satisfactory.

23. Annual Reports

The Firm will provide clients with an annual report which sets out details of the top five execution venues in terms of trading volume and where the Firm have executed orders in the last year. For each class of financial instrument the Firm has executed orders in and those classes are set out in Annex I of RTS 28. The information will be in a machine-readable format and will be published on our website and available for downloading.

The Firm will also provide an assessment of the quality of execution on all execution venues used which should include a summary of the analysis and conclusions drawn from the monitoring of the quality of the execution obtained on these execution venues.

The Firm intends these reports will be provided to clients for each calendar year and must be published by the 30 April following the end of the period to which the report relates. The first report will be due to be published on 30 April 2018. The Firm will maintain a copy of each of these reports on the [CTIM website](#) for at least two years for client access.