

# BEST EXECUTION POLICY

## BANOR CAPITAL LIMITED (THE "FIRM")

When providing portfolio management services, the Firm is required to comply with the obligation to act in accordance with the best interests of its Clients when placing orders with other entities for execution ("best execution").

Best execution involves the Firm taking all sufficient steps to obtain the best possible result for the clients' transaction, taking into account client classification, services to be provided, execution factors, execution venues and specific instructions.

### 1

#### **ARRANGEMENT OF EXECUTION SERVICES**

#### **APPLICABLE TO SEPARATE MANAGEMENT ACCOUNTS ('SMA')**

The Firm is required by SMA clients to arrange execution of trades exclusively through the client's own custodian bank and therefore does not have discretion to choose another broker. The Firm satisfies its best execution only in respect of the part or aspect of the order to which the client instructions relate.

### 2

#### **PORTFOLIO MANAGEMENT SERVICES**

#### **THE FIRM'S TYPICAL DEALING ARRANGEMENTS FOR DIFFERENT TYPES OF INVESTMENT**

This section provides a summary of the selection process for execution brokers, execution strategies employed, the procedures and processes used to analyse the quality of execution obtained and how the Firm monitors and verifies that the best possible results are obtained for its Clients.

##### **2.1 EQUITIES AND LISTED DERIVATIVES**

For standard market orders, and in normal liquid market conditions, transactions will be completed with no market impact and so the Firm will transact at market prices, or with a price limit. Quoted prices will be monitored against that in the market as part of the best execution procedure. In non-liquid security transactions, the Firm will instruct the broker to transact with a price limit, normally at a certain level from current market prices, based on the transaction size and normal daily volume. If the transaction is not completed by end of day the transaction will be closed and booked and will be reviewed at the start of the next trading day. In basket transactions, the Firm will ask for quotes from a number of brokers and will then transact based on cost.

Listed derivatives will be worked in a similar way for liquid and non-liquid securities. A single broker is used to trade listed derivatives.

## **2.2 DEBT SECURITIES (OR “BONDS”)**

The Firm relies on two counterparties for the execution of debt securities. Both entities send a periodic confirmation to the Firm stating that best execution has been achieved. In order to ensure best execution, the Firm carries out random monitoring of some transaction on a proportionate basis.

## **2.3 COLLECTIVE INVESTMENT SCHEMES**

The firm will instruct the custodian in order to trade Collective Investment Schemes.

## **2.4 OVER THE COUNTER PRODUCTS**

Over the counter products are products that are traded other than on a formal exchange (for example structured products Swaps, CFDs, CDS, China P-Notes or FX). Over the counter products are dealt either directly between the Firm and its Client, or may be sourced via a third party. The order routing process will depend firstly on the execution factors. Further issues that may affect the order process include the following:

- for bespoke, highly negotiated transactions or for those which may be original trading ideas or for which the Firm has a duty of confidentiality to the originating firm, the Firm will route such orders exclusively to the originating firm since there will be no other available market liquidity within a reasonable timeframe; and
- for some more standardised products, the Firm will usually select and price poll from a shortlist of dealing counterparties identified by the Firm to be among the most competitive in the field concerned.

*The Firm has implemented pre-trade procedures to ensure that prices obtained for OTC products are fair by gathering market data used in the estimation of the price and where possible, by comparing with similar or comparable products.*

## **2.5 FOREIGN EXCHANGE (FX)**

The FX market is wholly over the counter and off exchange across all FX products. Under normal market conditions, the Firm will generally execute with a primary FX counterparty using electronic trading tools. In the event that the Firm cannot execute electronically, it will execute manually. In certain circumstances and product types, the Firm will also use other FX counterparties to fulfil its best execution obligations.

## 2.6 TIME DEPOSITS

Time deposits are negotiated with the counterparty in order to achieve the desired tenure, interest rate and terms. These are executed as a direct transfer payment to the time deposit counterparty under the agreed terms.

### 3 EXECUTION FACTORS

Subject to any specific instructions given by its Client(s), when placing orders on their behalf, the Firm will take all sufficient steps to obtain the best possible result for them by taking into account the following execution factors:

- price;
- costs;
- speed;
- likelihood of execution;
- settlement;
- order size;
- nature;
- venue; and
- any other relevant consideration(s).

The Firm does not need to obtain the best possible results for its Clients on every single occasion; rather it will verify on an ongoing basis that the execution arrangements it has established work well throughout the different stages of the order execution process. The Firm will take all appropriate remedial actions if any deficiencies are detected to achieve the best possible results for its Clients on an ongoing basis.

Best execution applies to all financial instrument types, although execution factors should be considered and applied as appropriate to different instruments depending on their relative importance. In majority of cases, the Firm considers cost to be the most significant factor for undertaking Best Execution across all asset classes. However, there will be occasions when other factors may be more important or relevant and, as discretionary managers, the Firm may use its judgment and experience to give prominence to other execution factors other than cost. When this is the case a rationale must be provided and stored in line with the Record Keeping Policy.

Table A – applicable to transaction in Equities, Derivatives and Foreign Exchange

Execution factor other than price	When this execution factor will take precedence over price?
Costs	1
Likelihood of execution	2
Order size	3
Nature	4
Speed	5
Settlement	6
Venue	7

#### 4

### EXECUTION CRITERIA

The relative importance of each of the execution factors will be determined by reference to the following criteria:

- the characteristics of the Client including the categorisation of the Client as professional;
- the characteristics of the Client order (if there is a Client order);
- the characteristics of financial instruments that are the subject of that Client order; and
- the characteristics of the execution venues or brokers to which that order can be directed.

#### 5

### EXECUTION BROKERS

Primarily, brokers are selected based on their ability to meet the best execution factors listed above. The lists of brokers to be used will be updated from time to time depending on the nature of any changes to the type of investments which the Firm manages and in the light of experience. From time to time, the Firm may use brokers that are not included on the list where it deems this to be appropriate in order to be able to continue to meet its obligation to obtain the best possible results for its Client(s).

Table B

MiFID Financial Instrument Class	Counterparty / Execution Venues
Equities	<ul style="list-style-type: none"> <li>• Banca Akros</li> <li>• Banca IMI</li> <li>• Bank of China</li> <li>• Banque De Luxembourg</li> <li>• Banor SIM</li> <li>• CICC</li> <li>• Davy</li> <li>• Equita SIM</li> <li>• Exane</li> <li>• Efg Hermes</li> <li>• Goldman Sachs</li> <li>• Goodbody</li> <li>• Intermonte</li> <li>• JPMorgan</li> <li>• Mediobanca</li> <li>• Morgan Stanley</li> <li>• Raymond James</li> <li>• Renaissance Capital</li> <li>• Tradition</li> <li>• UBS</li> </ul>
Debt Securities (or "bonds", including money market instruments)	<ul style="list-style-type: none"> <li>• Banor SIM</li> <li>• Banque De Luxembourg</li> <li>• BNP Paribas (Lux)</li> </ul>
Over the Counter Products	<ul style="list-style-type: none"> <li>• Banque De Luxembourg</li> <li>• BNP Paribas (Lux)</li> <li>• KBL Luxembourg</li> <li>• Morgan Stanley</li> <li>• JPMorgan</li> <li>• Goldman Sachs</li> <li>• State Street Luxembourg</li> <li>• UBS</li> </ul>
Foreign Exchange (FX)	<ul style="list-style-type: none"> <li>• Banque De Luxembourg</li> <li>• BNP Paribas (Lux)</li> <li>• KBL Luxembourg</li> <li>• Goldman Sachs</li> <li>• State Street Luxembourg</li> </ul>
Listed Derivatives	<ul style="list-style-type: none"> <li>• Societe Generale</li> <li>• Exane</li> </ul>
Time Deposits	<ul style="list-style-type: none"> <li>• Banca Monte dei Paschi di Siena</li> <li>• BPER Banca (ex CARIFE)</li> <li>• Banco di Credito Azzoaglio</li> <li>• Banca Carige</li> <li>• Banca Alpi Marittime</li> <li>• Credito Valtellinese</li> <li>• Illimity Bank</li> <li>• Unipol Banca</li> <li>• Unicredit S.p.A.</li> <li>• Banca Valsabbina Scpa</li> <li>• Banca Sistema</li> <li>• Banca Popolare di Bari</li> </ul>

In order to act in the best interests of its Clients, the Firm will regularly assess the market landscape to determine whether or not there are alternative brokers that the Firm could use for its Clients.

Any specific client instructions may prevent the Firm from obtaining the

best possible result for the client.

Where the Firm executes orders outside a trading venue, other risks such as counterparty risk arise. The Firm seeks to mitigate this risk by taking a structured approach to each counterparty, involving selection amongst best in class for the purpose of the relationship, acquiring appropriate information and collateral management. Collateral management also involves us running our own simulations and comparing to the relevant counterparty. On request, additional information about the consequences of execution outside of a trading venue can be provided.

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## **A SINGLE EXECUTION VENUE**

The Firm may select only one execution venue to execute client orders in a given class of financial instruments where it is able to demonstrate that such a choice enables it to consistently achieve the best results for its Clients.

**7**

## **ROUTING ORDERS**

The Firm does not accept remuneration, discount or any non-monetary benefit for the decision to route client orders to a particular trading or execution venue.

**8**

## **CLIENT LIMIT ORDERS**

In the case of a client limit order in respect of shares admitted to trading on a regulated market or traded on a trading venue which are not immediately executed under prevailing market conditions, the Firm will, unless the client expressly instructs otherwise, take measures to facilitate the earliest possible execution of that order by making public immediately the client limit order in a manner which is easily accessible to other market participants. This limit does not apply where the limit order is large in scale compared with normal market size.

**9**

## **REPORTING**

The Firm will publish reports on an annual basis of the top five investment firms in terms of trading volumes where it transmitted or placed client orders for execution in the preceding year and the information on the quality of execution obtained and take account of that information and the information published by execution venues on execution quality in their policies on best execution.

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## **ADDITIONAL INFORMATION**

Where a client makes reasonable and proportionate requests for information about its policies or arrangements and how they are reviewed to an investment firm, that investment firm shall answer clearly and within a reasonable time.