Order Execution Policy

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1. Introduction

Sanlam Investments UK Limited ("Sanlam") manage portfolios of investments on a discretionary basis for investment funds and managed account clients ("clients").

This document outlines the Order Execution Policy ("the Policy") for executing a client order as required by the Conduct of Business sourcebook (COBS 11.2A), of the Financial Conduct Authority (FCA), and as stipulated by the EU Markets in Financial Instruments Directive ('MiFID II") and EU Markets in Financial Instruments Regulation ("MiFIR").

We will take all sufficient steps to obtain the best possible result for our clients by abiding by this policy when executing orders or receiving and transmitting orders to other entities for execution.

Aside from the explicit best execution rules explained in this policy, we have an overriding duty to act honestly, fairly, and professionally in accordance with the best interests of our clients at all times.

2. Scope

This policy applies to the execution of client orders by Sanlam on behalf of Retail and Professional Clients for the following classes of financial instruments: Equities, Derivatives (both Exchange-traded and OTC), Units/Shares in Collective Investment Schemes, Fixed Income Instruments, as well as any other financial instruments in which we may execute orders from time to time. Eligible counterparties are not clients for the purposes of this policy; accordingly, this policy does not apply to the execution of orders on behalf of eligible counterparties as stipulated by Article 30 of MiFID II.

Sanlam will always execute client orders as Agent, which we pass on (i.e., transmit) at our discretion to another broker or dealer for execution.

3. Principal Regulatory Requirements

Relevant Rule: PRIN 2.1.1R

1.	Integrity	A firm must conduct its business with integrity.
5.	Market conduct	A firm must observe proper standards of market conduct
6.	Customers' interests	A firm must pay due regard to the interests of its customers and treat them fairly.
8.	Conflicts of interest	A firm must manage conflicts of interest fairly, both between itself and its customers and between a customer and another client.

Obligation to execute orders on terms most favourable to the client

Relevant Rule: COBS 11.2A.2R

A firm must take all sufficient steps to obtain when executing orders, the best possible result for its clients taking into account the execution factors.

The execution factors to be taken into account are price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of an order.

Application of best execution obligation

Relevant Rule: [COBS 11.2A.20R](#)

A firm must establish and implement effective arrangements for complying with the obligation to take all sufficient steps to obtain the best possible result for its clients. In particular, the firm must establish and implement an order execution policy to allow it to obtain, in accordance with COBS 11.2A.2R, the best possible result for the execution of client orders.

4. Client Orders

These may result from a decision made by Sanlam to deal on behalf of a discretionary client.

Where we are appointed Discretionary Manager or provide an Advisory Managed service, the timing of transmitting orders will be at our discretion.

5. Execution venues and other firms/brokers

An execution venue is a term used to describe a place where a client order is executed and includes Regulated Markets, Multilateral Trading Facilities (MTF), Organised Trading Facilities (OTF), Systematic Internalisers (SI) and market makers or any other liquidity providers. An MTF and OTF is a platform where buyers and sellers interact; posting orders or soliciting quotes via a request for quote (RFQ) process. A Systematic Internaliser is a counterparty, which executes client orders over the counter on its own account, outside a Regulated Market or other multilateral platforms on an organised, frequent, systematic, and substantial basis.

Sanlam transacts all market orders for institutional clients i.e., executing trades for Collective Investment Schemes (except Options, Futures CFDs and FX) via a third-party Central Dealing Desk with Northern Trust (NT). NT is responsible for obtaining Best Execution on our order flow and is providing ongoing Best Execution monitoring data to enable our company to carry out an ongoing assessment of the results against this Policy. This is verified and challenged by Sanlam independently using our own Best Execution monitoring systems.

Northern Trust is a leading provider of execution services with in-depth expertise in trade execution across global equity markets. We have selected NT to undertake this function on behalf of Sanlam following detailed due diligence and analysis of their execution capabilities, expertise, systems and controls. The delegation arrangement provides Sanlam with comprehensive dealing desk functions which operate globally and facilitate access to all relevant brokers and execution venues. Northern Trust acts solely in an agency capacity on behalf of Sanlam.

6. Quality of Execution and Senior Management Oversight

Under MiFID II, Article 27 (4) and (7), SIUK has an obligation to monitor the effectiveness of its order execution arrangements and its Policy, including the execution quality of its transactions.

Sanlam's Product Oversight Committee (POC), together with the Operations and Compliance teams, monitor the execution quality provided by Sanlam's approved brokers and Central Dealing Desks (See section 5 above).

The POC is comprised of senior management members, i.e. Portfolio Management, Investment Operations and Compliance.

The POC reviews the effectiveness, scope, and performance of the Dealing process/function as it relates to the various portfolios managed by Sanlam. This includes;

- ensuring adherence to the FCA Dealing and Managing requirements
- driving the delivery of best execution through adequate management focus, front-office business practices, supporting controls and reporting up to the Exco and Board as required
- reviewing management information relating to best execution and acting on deficiencies identified
- reviewing all breaches, errors or any other issues arising related to Dealing and Managing and acting on deficiencies identified
- approving for implementation any new procedures, systems and controls where necessary to prevent the re-occurrence of breaches
- reviewing and where required approving any changes to our policies and procedures in respect of best execution and client order handling
- reviewing the annual due diligence on appointed Centralised Dealing Desks
- regularly reviewing feedback provided by Investment Teams on the performance of Centralised Dealing Desks

Our methodology for achieving Best Execution for each financial instrument is outlined in Appendix 1.

7. Methods of Execution

There are two methods that Sanlam uses when executing trades on behalf of its clients and the funds it manages:

Transmission - where Sanlam places an order with another entity for it to execute on behalf of the client (e.g., outsourced dealing desk, a broker or an investment bank). In these instances, Article 24 of MiFID II and Article 65 of the Delegated Regulation will apply. In such scenarios, while we will owe our client a duty of Best Execution, we will also receive a duty of best execution from the third party. We select brokers that we are satisfied to provide "Best Execution" in accordance with MiFID II and FCA regulations and we have established and implemented order execution arrangements that enable us to obtain on a consistent basis the best possible result for our own clients.

Execution - where Sanlam executes an order directly on an execution venue (e.g., a regulated market, Multilateral Trading Facility (MTF), Organised Trading Facility (OTF) or Systematic Internaliser (SI), including Request For Quote (RFQ), use of MarketAxess etc.) or a market maker or other liquidity provider. In these instances, Article 27 of MiFID II, Articles 64 & 66 of the Delegated Regulation will apply. When Sanlam executes a transaction on an execution venue (or market maker or other liquidity provider) we will not receive a duty of best execution from the venue, but we will owe a duty of best execution to our client. As such, we will take 'all-sufficient steps' to obtain the best possible result for our client.

8. Execution Factors

Subject to any specific instructions received, Sanlam will take the following execution factors into consideration in determining how to obtain the best possible result for the order, namely:

- Price paid for the investment

- Costs incurred as a result of the transaction being placed (including clearing and settlement costs)
- Speed of the execution and settlement
- Likelihood of the order being executed and settled
- Liquidity in the instrument being traded
- Size and nature of the transaction
- Nature of the financial instrument including whether it is executed on a regulated market, multilateral trading facility (MTF), organised trading facility (OTF), over-the-counter (OTC) or with a Systematic Internaliser (SI)
- Any other consideration relevant to the execution of the order.

In determining the relevant importance of each of the above factors when executing an order, we will use our commercial judgement, and experience in light of current market information, as well as the following criteria (as defined in COBS 11.2A.8 (EU)):

1) the characteristics of the client including the categorisation of the client as retail or professional;
2) the characteristics of the client order, including where the order involves a securities financing transaction (SFT);
3) the characteristics of financial instruments that are the subject of that order;
4) the characteristics of the execution venues to which that order can be directed; and
5) For UCITS schemes, the objectives, investment policy and risks specific to the scheme, as indicated in its prospectus or instrument constituting the fund.

The total consideration of the trade (i.e., the price of the financial instrument and the costs related to execution) will be our primary focus for the majority of transactions, although in some circumstances we may determine that other execution factors are more important in obtaining the best possible execution result for our clients.

9. Monitoring of approved brokers

Sanlam has a process for the selection of counterparties and brokers with whom it executes client orders or transmits client orders for execution.

All brokers are reviewed/assessed on an ongoing basis (see section 6) against mentioned above factors (see section 8) in accordance with our obligation to take all sufficient steps to obtain the best possible results when executing orders. Also, as part of this process, brokers are regularly screened for negative media and potential sanctions, which may also include licence suspensions, disciplinary actions, and reputational issues.

10. Order Management and Aggregation

Sanlam will take all sufficient steps to obtain the best possible execution result for its clients.

Where practical, Sanlam will look to aggregate purchase or sell orders for the same security or other instruments for multiple accounts so that the client may be able to benefit from the better prices achieved through larger, bulk transactions in line with our obligation to treat customers fairly. Sanlam aggregates orders when it considers doing so appropriate and in the interest of its clients generally and may elect block trade treatment when available, as prescribed by the FCA in COBS 11.3.7.

Although it may do so in certain circumstances, Sanlam does not always aggregate orders for different accounts;

- if the portfolio management decisions relating to the orders are made by separate portfolio management teams;
- if aggregating is not appropriate or practicable from Sanlam's operational or other perspective, or;
- if doing so would not be appropriate in light of applicable regulatory considerations.

The executed orders are allocated to clients fairly and proportionately in accordance with Sanlam's Trade Aggregation and Allocation Policy.

We will perform crosses of stocks between funds managed by Sanlam with different beneficial owners only via a third party e.g., the outsourced dealing desk. For funds with the same beneficial owner, an internal transfer may be performed between the funds using a specified time market price. This will save our clients from transaction costs i.e., incurring broker commissions, fees or charges and reduce market risk by reducing market exposure.

Due to the way, we conduct our business and in order to enhance the quality and efficiency of record keeping during the order execution process, we will communicate with our Brokers and place orders electronically via an execution management system or secure audited instant messaging (through Bloomberg) only. Therefore, no trades will be executed over the telephone.

11. Review of Sanlam's Execution Policy

Sanlam reviews this execution policy annually, as well as whenever there is a material change that affects its ability to continue to obtain the best possible result for the execution of orders on a consistent basis.

12. Conflict of Interest

In order to minimise the risk of potential conflicts of interest, Sanlam does not receive any form of remuneration, discount, or non-monetary benefit for directing orders to a particular venue or broker for execution. The selection of a broker for an order is driven solely by the factors and inputs described in section 8 of this policy.

13. Special Settlement

The investment team has the right (but not the authority, as this ultimately sits with the ACD/ManCo) to exercise their fiduciary responsibility and decline a subscription or redemption request, with special settlement requirements, if the resulting trading would have a negative impact on the other investors in the fund.

Appendix 1 - Execution Methodology for Financial Instruments

Sanlam has outsourced trade execution for equities and Fixed Income instruments to its delegate, Northern Trust Securities LLP ("Northern Trust").

Sanlam has considered Northern Trust's own execution policy and execution arrangements in detail and believes that the arrangements with Northern Trust are fully in line with the requirements of this Policy and ensure that our clients obtain the best possible results in relation to the execution of trades.

For every trade undertaken on behalf of a client, Northern Trust considers the execution factors and the execution criteria described below and determines the most appropriate approach to the execution of that order with a view to achieving the best possible result for the client.

I. **Equities**

There may be various reasons for executing equities orders undertaken as part of a number of possible contractual relationships with a client, namely discretionary, advisory, or execution-only. In order to meet these distinct needs, we will investigate and consider a number of execution strategies, trading entities and venues in order to facilitate the most appropriate choice.

Execution strategies

Depending on the type of order, different strategies will be used;

Program trades and placing orders at the valuation point

Program trades are trades in multiple different stocks and normally consist of a whole portfolio or part of a portfolio, to raise funds for an outflow or invest an inflow. These orders can be placed as an entire list or a reduced list with some stocks removed and placed separately, in order to receive the best outcome of the trade.

Program trades are primarily placed close to the valuation point, to time the flow of the trades. We may not always place a program trade to raise funds for an outflow or invest in an inflow. There may be occasions when it is better to place individual security orders, these will then be placed at the valuation point.

Algorithmic trading

We would expect to use algorithmic trading primarily for orders that do not require a manual execution service from our brokers. Such decisions are usually justified for trading in an instrument with a high volume and liquidity. Algorithmic trading can be more cost-effective due to lower commission rates and in order to reduce the potential impact of an order on the market price of the instrument.

High Touch trading

High-touch trading should be primarily used when broker expertise is required to execute the order. High-touch orders are likely to be large orders, orders in illiquid stocks, or orders in specialist markets such as emerging markets and small-cap stocks.

Execution Factors

The execution factors considered for **Equities** are listed below in the order of importance.

Price and liquidity	It is key to identify venues/brokers which are sources of natural liquidity before entering an order into the market; deep liquidity is likely to provide material

	opportunities which may take the form of a better price and the ability to trade significant additional size at a similar price.
Speed and likelihood of execution	This is the rate at which our brokers are able to progress the order; we will seek a balance between creating a market, and thereby potentially moving the price, and executing an order in a timely manner so as to reduce execution risk.
Size and nature of the order	With large single-stock orders, we would expect our brokers to use MTFs to try to find a block-size match for our business that will prevent an adverse market impact for the traded stock.
Costs	We believe that one of the steps to achieve best execution in equity markets is to negotiate the lowest possible terms for the explicit cost of trading (such as commissions) and minimise the implicit costs (such as market impact and opportunity cost). We negotiate commission rates by market and the method of execution (algorithmic or high touch). Algorithmic trades have lower rates than high-touch orders.
Likelihood of settlement	Our approved counterparty selection process helps us mitigate the credit and settlement risk we may face. We will generally not use an execution venue/broker if we cannot either settle a transaction or resolve failed settlements.

For orders in **Investment Trusts,** the execution factors are listed below in the order of importance.

Price and cost	Price achieved, specifically total consideration, will be our primary focus for the majority of transactions, whether we are acting for retail or professional clients.
Likelihood of execution	Strategies may also depend on the underlying assets held within the fund, in particular the liquidity, as well as whether we are trading in an open-ended or closed-ended fund.

The execution factors' order of importance might slightly vary depending on the stocks if they are highly liquid or less liquid.

II. Exchange-traded funds (ETFs)

There may be various reasons for executing ETF orders undertaken as part of a number of possible contractual relationships with a client, namely discretionary, advisory, or execution-only. In order to meet these distinct needs, we will investigate and consider a number of execution strategies, trading venues and entities in order to facilitate the most appropriate choice.

Execution Factors

The execution factors considered for **ETFs** are listed below in order of importance.

Price	The price achieved will be our primary focus for the majority of transactions, given that the ETFs we typically deal with are highly liquid.

Speed and likelihood of execution	This is the rate at which we are able to progress the order; we will seek a balance between creating a market, and thereby potentially moving the price, and executing an order in a timely manner so as to reduce execution risk.
Costs	We believe that one of the steps to achieve the best execution in ETFs is to negotiate the lowest possible terms for the explicit cost of trading (such as commissions) and minimise the implicit costs (such as market impact and opportunity cost).

III. Fixed Income (FI)

This policy covers fixed-income instruments held on a regulated market or multi-lateral trading facility, organised trading facility, over-the-counter (OTC) fixed-income securities, asset-backed credit products, any other credit products and money-market instruments. Fixed Income instruments are executed on multilateral trading facilities (MTF). A MTF is a platform where buyers and sellers interact; posting orders or soliciting quotes via a request for quote (RFQ) process.

There may be various reasons for executing FI orders undertaken as part of a number of possible contractual relationships with a client, namely discretionary, advisory, or execution-only. In order to meet these distinct needs, we will consider a number of execution strategies, trading venues and entities in order to facilitate the most appropriate choice, taking into consideration the specifics of the fixed-income security. The execution factors considered for Fixed Income are as follows below.

Execution Factors

The execution factors considered for **Fixed Income instruments** are listed below in the order of importance.

Likelihood of execution and settlement	Unlike equity markets, there is seldom a continuous two-way market of buyers and sellers whereby a minor change in price by one or the other can result in a trade. Due to the large variance in liquidity across FI, the likelihood of execution is usually the most important execution factor. There is also a risk that the counterparty with which Sanlam trades FI over the counter might default and fail to meet its transactional obligations to pay us. Sanlam will trade on an MTF in order to mitigate this risk.
Price and size	The price achieved is always in our focus but the less liquid nature of trading fixed income, often off-exchange, means we will normally take a more strategic approach in order to achieve the best execution. The size of the order will have an influence on the best price available.

IV. Units/Shares in Collective Investment Schemes

This policy covers Units/Shares in Collective Investment Undertakings for open-ended funds e.g., Unit Trusts and OEICs. Sanlam Investments trades shares in Collective Investment Schemes. There may be various reasons for executing Units in Collective Schemes orders undertaken as part of a number of possible contractual relationships with a client, namely discretionary, advisory, or execution-only. In order to meet these distinct needs, we will

investigate and consider a number of execution strategies, trading venues and entities in order to facilitate the most appropriate choice.

For orders in Collective Investment Schemes (e.g., Unit Trusts, OEICs) we will place the order directly with the relevant fund manager/platform provider and/or the operator of the Collective Investment Scheme at the official NAV price. This does not include Investment Trusts, ETFs, and close-ended funds, which will be executed in the secondary market (see section I Equities and section II Exchange-traded funds).

V.   Foreign Exchange (FX)

The custodian provides a spot FX trading facility in connection with any non-base currency settlement activities for our funds. Whilst spot FX is not classified as a financial instrument within the scope of MiFID II, the FX trading facility provided by the custodian is ancillary to another instrument or service that is covered by MiFID II, therefore we take an approach that has regard to the principle of Best Execution and ensure that relevant monitoring is in place for this area of trading.

Forward FX for share class hedging and stock hedging purposes are executed with the custodian of the fund. Some of the funds may use forward FX trading for investment purposes. These trades will also be executed with the custodian of the fund.

VI.   Exchange-Traded Derivatives (ETDs)

Sanlam Investments trades exchange-traded derivatives such as futures and options on equity, equity indices, fixed income, and commodities. The ETD order will be executed by a broker on the regulated market on which the instrument is listed. Currently, there are no alternative markets or liquidity platforms for ETDs.

Execution Factors

The execution factors considered for **ETDs** are listed below in order of importance.

Price	This is the resulting price of the transaction.
Speed	This is the rate at which we are able to progress the order. This factor is important if the portfolio manager wishes to enter or exit an investment strategy quickly.
Costs	This includes (but is not limited to) commission rates, expenses, settlement, standardised market fees (direct or indirect), foreign exchange, taxes, and any other charges.

The execution factors considered for **CFDs** are listed below in order of importance.

Price	This is the resulting price of the transaction.

Costs	This includes (but is not limited to) commission rates, expenses, settlement, standardised market fees (direct or indirect), foreign exchange, taxes, and any other charges. We have very little influence over the cost as we only have one provider, so our main focus is Price.