

Veritas Asset Management LLP

Order Execution Policy

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Definition

When undertaking securities transactions Veritas Asset Management LLP (“VAM”) should treat its clients with honesty, fairness and continually act in their best interests. The rules governing best execution for VAM are referenced in COBS 11.2A Best Execution – MiFID Provisions and SYSC 8 Outsourcing of the FCA Handbook.

Objectives

The Objectives of this Policy are the following:

- Protection of clients’ interests
- Promote the achievement of best possible value for clients in executing orders
- Have in place established relationships and procedures with counterparties who can best support trade execution needs
- Ensure appropriate review and assessment of market place and trade opportunities
- Avoidance of conflicts of interests

Scope

This policy applies to Veritas Asset Management LLP and its subsidiary Veritas Asset Management (Asia) Limited.

In addition to our in-house execution trading desk, we have appointed Northern Trust Securities LLP (‘Northern Trust’), an outsourced trade execution provider with effect from 12 December 2022, and their Order Execution Policy, under the provision that it will operate in conjunction with this Policy. VAM will continue to retain an in-house execution trading desk who will incorporate Northern Trust into their processes.

VAM has reviewed the execution factors and the service provided by Northern Trust with regards to their ability to consistently provide the best results for its clients.

Systematic Internaliser

MiFID defines a Systematic Internaliser as an investment firm which, on an organised, frequent systematic and substantial basis, deals on its own account when executing client orders outside a regulated market, an MTF or an OTF without operating a multilateral system. VAM will not operate as a Systematic Internaliser at any time.

Order execution guidelines

The following guidelines for Order Execution represent the minimum best practice that should be in place where physical and derivative securities’ trading is undertaken on behalf of clients.

1. Counterparty selection process in place

VAM has in place appropriate procedures by which counterparties are reviewed and approved with whom they enter into transaction. This takes into account qualitative factors of the counterparty and is also guided by VAM’s counterparty risk exposures. When selecting the Counterparty, the desk will take into account the venue, price and liquidity available on the security. In addition, The Dealer will always consider the full range and quality of a broker’s service when placing an order including the executing broker’s execution capability, financial responsibility, and the

brokers responsiveness amongst all other factors detailed under Best Execution below. The Dealer will document the reason for counterparty selection at the point of placing each individual trade. At no point should dealing be directed by the Fund Manager.

2. Multiple Venues contacted for quotes

From the approved list of counterparties, traders should ensure that counterparties access all suitable venues (exchanges and dark pools) to provide the most competitive quote on the market on our behalf. It is expected that 3 prices will be available. The counterparties access these venues using a Smart Order Router and proprietary algorithms, primarily for Best Execution but also for anti-gaming and liquidity seeking. In situations where there is limited market liquidity for a particular security, then less than 3 prices may be available. All justifications should be kept and recorded for all decisions in both cases.

3. Client Directed Execution

In any arrangement whereby it is required or directed by the Client that VAM use a specific counterparty(ies) in the execution of trades on behalf of that client(s) then the requirements of this policy do not apply. In all cases when execution is directed by the Client then evidence of this direction should be maintained by Compliance. It is to be noted that any specific instructions from a client may prevent the firm from taking the steps that it has designed and implemented in its execution policy to obtain the best possible result for the execution of those orders in respect of the elements covered by those instructions.

Best Execution

VAM has established and implemented effective arrangements for complying with the obligation to take all sufficient steps to obtain the best possible result for its clients. When executing orders, VAM will always take into account the following execution factors, which apply to all types of financial instruments (excluding spot currency exchange which is not within scope):

- Price (including fees and commission)
- Costs
- Speed
- likelihood of execution and settlement;
- size
- nature; or

any other consideration relevant to the efficient execution of an order. When executing a client order, VAM will always consider the following criteria for determining the relative importance of the execution factors above:

- the characteristics of the client order
- the characteristics of financial instruments that are the subject of that order
- the characteristics of the execution venues to which that order can be directed; and
- the objectives, investment policy and risks specific to the UCITS scheme or EEA UCITS scheme, as indicated in its prospectus or instrument constituting the fund.

VAM must also take into account the following, in respect of each relevant class of instruments, which include, ensuring designated brokers have adequate execution arrangements that enable VAM to comply with best execution, ensuring appropriate information is available to clients, effective monitoring is conducted on a regular basis (execution quality of the

broker and execution venues), annual review of this Policy and addressing any deficiencies and to demonstrate that executed orders on behalf of clients are in accordance with this Policy.

Execution Factors

As per COBS 11.3, the Firm's client order handling procedures require that the relative importance of execution factors is always assessed, and the execution of trades can be evidenced as being consistent with the Firm's priority of the relevant execution factors. The Firm must implement procedure and arrangements, which provide for prompt, fair and expeditious execution of client orders, relative to other orders of the trading interests of the firm. This will also take into account the characteristics of the client trade, including where the order involves an SFT.

The relative importance of the execution factors is judged on an order-by-order basis in line with the Firm's industry experience and the prevailing market conditions at the time. Some common key factors for relevant asset classes have been identified as follows:

(a) Equities

For standard UK market orders, and in normal market conditions, the Firm may poll different Execution Venues (using automatic execution technology) to identify the best terms available at the point of the trade for the equity concerned. Other orders, which may be sensitive or in large volume, including those relating to international equities, that cannot be executed automatically will be dealt manually with another regulated firm or via an MTF. This involves a manual search for reference trading prices via market data feeds or by comparing prices offered by other market participants. When an appropriate counterparty is identified, the price is negotiated manually and executed on the best terms identified for the order in question. This may occur off-exchange.

For small orders over a short period of time, the key factors will generally be price, quantity based on market availability, and likelihood of execution. For larger orders, the Firm will additionally consider confidentiality, minimising the impact on the market, and slippage historically achieved on each Execution Venue.

(b) Fixed Income

The Firm does not deal in Fixed Income Instruments.

(c) Collective Investment Schemes

The Firm will usually trade directly with the relevant fund manager on negotiated terms not generally available to individual Clients.

(d) Derivatives

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.

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.

Where derivatives are executed directly, key factors considered are price, observed volume on exchange and overall transaction cost. Where possible, prices are compared via a request for quote ("RFQ"), taking into account additional transaction costs that may be applicable. When transactions are time-sensitive, response time to RFQ may be considered key.

On occasion, preference may be given to counterparties that are operationally easier to work with where time factors are at play.

Where orders are executed indirectly, relevant factors are cost and the existing counterparty relationship.

For more illiquid derivatives, where execution options are available, historical price and liquidity are the key factors for execution.

Execution Venues

Brokers and Execution Venues are typically selected based on their ability to meet the best execution factors listed above. The lists of Execution Venues to be used by the Firm 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 the experience of VAM's Trading Team. From time to time, the Firm may use Execution Venues that are not included on the list where the Firm deems this appropriate in order to be able to continue to meet its obligation to obtain the best possible results for its Client.

VAM maintains a separate document, in respect of each class of financial instrument, of the brokers which have been approved by the Compliance Officer and the Investment Team. All orders must be placed with a broker from this list. In addition to the execution factors outlined above, the Firm may take into account certain other factors when choosing the Execution Venue, where there are multiple choices.

Transaction Cost Analysis

VAM makes use of Bloomberg's Transaction Cost Analysis ("BTCA") to carry out evidencing of Best Execution. BTCA data is used to monitor all executions daily, with monthly reporting to the Chief Operating Officer, and formally reviewed on a quarterly basis by the Operating Committee. Client specific reports can be produced on an ad-hoc basis. In addition, Compliance undertakes independent surveillance and monitoring which is formally reported in the quarterly Operating Committee.

Monitoring Obligations

VAM will monitor the effectiveness of the order execution arrangements and execution policy in order to identify and, where appropriate, correct any deficiencies. In particular, VAM will assess, on a regular basis, whether the execution venues included in the order execution policy provide for the best possible result for the client or whether it needs to make changes to its execution arrangements. This will be formally presented in the quarterly Counterparty Committee.

Aggregation & Allocation of orders

Aggregation of orders is permitted if it supports efficient execution and is for the benefit of affected clients, and only if the following conditions are met:

- it is unlikely that the aggregation of orders and transactions will work overall to the disadvantage of any client whose orders is to be aggregated
- it is disclosed to each client whose order is to be aggregated that the effect of aggregation may work to its disadvantage in relation to a particular order
- an order allocation policy is established and effectively implemented, providing for the fair allocation of aggregated orders and transactions, including how the volume and price of orders determines allocations and the treatment of partial executions.

Cross Trading

Cross Trades include all activity where VAM enters into a transaction which comprises of a buy and sell in the same security at the same time on behalf of different underlying clients with the same broker or counterparty. Any potential Cross Trades are notified to Compliance and the Trader prior to execution, and reported by the Trader post trade to Compliance. There is the potential for VAM to enter into a transaction that may be construed as a cross trade when a transaction is inadvertently traded simultaneously in the market. Where VAM have a buy and sell in the same security, and the transaction is executed in parallel, VAM has an obligation to prove Best-Execution to its clients. VAM shall cross buys and sells in the middle of the spread at independent current market prices to ensure both parties to the transaction are treated in a fair and equitable way, subject to the below restrictions. Where applicable and required, Cross Trades shall be notified to the parties within a reasonable timeframe.

Where VAM are deemed to be a beneficial owner of any account, by virtue of any officers, principals or directors of VAM owning more than 5% of the account, these accounts cannot be included in any cross trade between other accounts managed by VAM. Furthermore, where an account is subject to Rule Section 17(a) of the Investment Company Act of 1940 Act' (the '1940 Act'), or the Employee Retirement Income Security Act of 1974 (ERISA), Cross-Trading activity may not be permitted. Should a cross trade occur which resulted in a working balance and the above accounts were excluded, the excluded accounts can join the resultant aggregated order on a pro-rata basis. All cross trades must be executed at the independent current market price of the security and will not reference end of day prices.

Telephone Recording & Electronic Communications

VAM has a regulatory obligation in line with FCA SYSC 10A.1.10 to record telephone and electronic communications which involve the receipt and transmission of orders. Furthermore, telephone conversations between VAM and its clients that result or may result in activities in relevant financial instruments, will be recorded and retained in accordance with VAM's Recordkeeping policy. For the avoidance of doubt, Whatsapp or SMS messaging is strictly prohibited and is not used to facilitate trade instructions or anything related to client order execution.

Northern Trust Securities LLP ('Northern Trust')

For every trade undertaken on behalf of a client, Northern Trust considers the execution factors and criteria as set out above. The obligation to comply with the best execution rules commences from the moment an order is given by a portfolio manager and input into the Order Management System.

As the arrangement with Northern Trust is complementary to our in-house dealing desk, the decision whether to transmit the order to Northern Trust or be executed internally (once pre-trade compliance has been completed) lies with the VAM dealer.

Once Northern Trust receive the order, they are contractually obligated to provide VAM with 'best execution' and VAM will not direct the broker where to direct the trades.

VAM will avoid placing any order type which limits or removes Northern Trust from fulfilling its best execution obligations. Where VAM requires the use of limit orders, these will be tracked in the portfolio management system and flagged to Compliance for enhanced monitoring.

VAM has an obligation to monitor the effectiveness of its order execution arrangements and Order Execution Policy. The best execution performance of Northern Trust will be monitored by Compliance on an ongoing basis and on a monthly basis, utilising Transaction Cost Analysis reports produced by an independent third party, Abel Noser.

This obligation has also been incorporated into VAM's general compliance monitoring process which will involve a periodic review by Compliance of a random sample of transactions to ascertain whether the best possible result was obtained in respect of those transactions. Any outliers identified from the monthly TCA reports will be queried with Northern Trust for further review and comment.

Review of this Policy

At least annually, VAM will review the Order Execution Policy and its execution arrangements. The review will focus on whether VAM could obtain better results for its clients if it was to:

- i) include additional Brokers
- ii) modify any other aspects of its Order Execution Policy and/or arrangements.

VAM will also review its Order Execution Policy and/or arrangements whenever a material change occurs that could affect its ability to obtain the best possible result for the execution of its clients' orders. What is material will depend on the nature and scope of any change.

The reviews will be overseen by Compliance and this requirement has been incorporated VAM's Compliance monitoring process.

In addition, VAM has an obligation to provide its clients with appropriate information on this Policy and to comply with this obligation. This Policy is publicly available at www.vamllp.com

To the extent that VAM makes any material changes to this Policy (whether pursuant to the review process or otherwise), it is obliged to notify the changes to its clients.