



Carvetian Capital Management Limited

Order Execution Policy

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1. Policy Scope

This policy applies to Carvetian Capital Management Limited (“Carvetian”) in relation to various regulated collective investment schemes (“Funds”) which it acts as Authorised Fund Manager for.

2. Regulatory Framework

This document sets out Carvetian’s policy in relation to the requirements which it has an obligation to meet under the following Financial Conduct Authority (“FCA”) handbooks (the “Rules”):

- COBS 11.2 – Best execution for AIFMs and residual CIS operators;
- COBS 11.2B – Best execution for UCITS management companies;
- COBS 11.3 – Client order handling; and
- COLL 6.13 – Record Keeping.

3. Background

When executing orders on behalf of clients, firms are required by the Rules to take all sufficient steps to obtain the best possible result; this is known as achieving “Best Execution”. Firms are not required to achieve Best Execution on each and every order which it executes but are instead expected to have processes and controls in place to ensure that Best Execution is achieved on a consistent basis and steps are taken to enhance processes where deficiencies have been identified.

For each order being executed and in their pursuit of achieving Best Execution, firms must consider the following “Factors”:

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

The best possible result may usually be determined in terms of the total consideration, which is derived by the price obtained and any costs incurred. There will however be times when other Factors are more important than price and costs and when achievement of the best possible result will be assessed differently, for example, speed may be the considered the most important Factor when it is more important for an order to be carried out in a timely fashion. Firms must also take into account the following criteria when assessing the relevant importance of the Factors:

- the characteristics of the client;
- the characteristics of the order;
- the characteristics of financial instruments; and
- the characteristics of the execution venues to which that order can be directed.

4. Delegation

Carvetian acts as Authorised Fund Manager for a number of Funds. The assets of these Funds are invested in accordance with the Funds' investment policies with the aim of achieving the Funds' investment objectives. The responsibility for the management of the Funds' assets may, under the relevant regulations, either be carried out by Carvetian or delegated to another regulated firm (a "Delegate"). Carvetian currently delegates the entirety of the investment management activity for all of its Funds with the exception of:

- The CCM Quercus Unit Trust ("Quercus Fund").

For the Quercus Fund, Carvetian has delegated part of the investment management responsibility to two Delegates and has retained part of the responsibility itself.

Where a Delegate has been appointed to undertake the investment management activity for a Fund, Carvetian is required to ensure that the Delegate has appropriate processes and controls in place to carry out the activities which they have been appointed to undertake. To fulfil this obligation, Carvetian maintains a comprehensive compliance monitoring programme that includes conducting a full review of each Delegate on at least an annual basis. Specifically in relation to Best Execution, the reviews of Delegates include ensuring that the Delegate has an appropriate:

- Order Execution Policy;
- Order Allocation Policy;
- processes for the appointment and review of execution counterparties;
- systems and controls to ensure accurate and timely order execution;
- processes for the monitoring of order execution quality;
- processes for adapting its order execution processes when deficiencies are identified; and
- that the Delegate is maintaining suitable records of orders which it has executed.

Where the responsibility for investment management has been delegated, execution of orders carried out by the Delegate will be done in accordance with the Delegates own Order Execution Policy, copies of which can be provided by Carvetian upon request.

5. Carvetian's Policy

5.1. Order Execution

When executing an order, firms are required to consider the characteristics of the execution venues to which an order can be directed and should pass the order onto the venue which it believes is best placed to achieve the best overall outcome given the Factors which are considered most important. For many financial instruments, such as shares in companies, these may be executed through a number of different venues such as different investment exchanges, brokers and electronic systems.

Where Carvetian retains part of the investment management responsibility for the Quercus Fund, all order which it currently executes are in regulated Collective Investment Schemes ("CIS"). Unlike many financial instruments, CIS can usually only be bought and sold through the company which operates the CIS and also usually only at a fixed price at a set time and date. When executing CIS orders, there

is therefore limited scope of assess the importance of the execution Factors. When Carvetian executes CIS orders it will transmit these to the CIS operator as soon as the decision to deal has been made, which will be sufficient for ensuring that our obligation to achieve Best Execution has been fulfilled.

5.2. Aggregation and Allocation

Carvetian only undertakes order execution for the Quercus Fund and does not undertake any other form of client order execution nor carry out orders using its own resources. Carvetian will therefore no aggregate any orders carried out under this policy with its own orders or those of other clients.

5.3. Best Execution Monitoring

The responsibility for ensuring orders have been carried out in accordance with this policy resides with Carvetian's Chief Executive Officer (CEO). Following the execution of every order, the CEO shall review the following to ensure Best Execution has been achieved:

- whether the order was transmitted to the CIS operator in a timely manner such that the next available price was obtained;
- whether the order was placed in the shareclass of the CIS with the lowest overall costs which was available to Carvetian given the size of the order and any other restriction of the CIS; and
- whether the price published by the CIS operator has been correctly applied to the trade and all other terms are correct, including any charges.

Following the CEO's review, an independent review of the above points shall also be conducted by the Compliance Department.

5.4. Annual Report

Carvetian will publish a report (known as an "RTS 28 Report") on an annual basis which sets out information such as the parties which have been used for execution and the quality of execution which has been achieved through the application of this policy. The RTS 28 Report covers a calendar year period and is made available to investors via the Carvetian website (www.carvetian.com) by 30th April in the year after the period to which it relates.

6. Record Keeping

In line with COLL 6.13, Carvetian shall retain records of all transactions carried out in relation to this policy for a period of at least 5 years.

7. Policy Review

This policy shall be reviewed and, where necessary, updated at least annually. Any such review of the policy shall also include a review of Carvetian's processes to ensure these remain suitable for ensuring Best Execution is achieved on a consistent basis.

The policy will also be updated whenever a material change occurs or if any deficiencies are identified by Carvetian as part of its monitoring of orders which have been executed under this policy.