



**HOTTINGER**

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# ORDER & BEST EXECUTION POLICY

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This document is HottCo's Order & Best Execution Policy ("the Policy"). It explains how we take all sufficient steps to obtain the best possible result when we receive and transmit orders for execution on behalf of our Retail and Professional clients ("Regulatory Clients") in the course of our discretionary investment management business in the United Kingdom.

We will review this Policy at least annually, and more frequently if there is a material change to our business or the regulatory framework.

## 1. Order Execution Background

For the purposes of this Policy:

- A client is any Retail or Professional client of HottCo that has been accepted in accordance with our client onboarding procedures.
- An order is an instruction to buy or sell a financial instrument (on an advised or discretionary basis), or a decision to deal on a managed account taken by HottCo.
- HottCo does not deal on its own account. We act as agent and transmit or place orders with third-party counterparties for execution.

This Policy applies when we receive and transmit client orders in MiFID financial instruments as part of our portfolio management services, and where we otherwise execute an order in a MiFID financial instrument on your behalf.

## 2. Procedures Relating to Specific Instructions

Where you give us specific instructions regarding the execution of an order (for example, directing us to use a particular venue or counterparty, or to place a limit order at a specific price), we will follow those instructions where reasonably practicable.

You should be aware that:

- Any specific instruction from you may prevent us from following parts of this Policy, and may therefore affect our ability (and/or our counterparty's ability) to achieve the best possible result in respect of the elements covered by those instructions.
- To the extent that we execute or transmit an order in accordance with your specific instructions, we will be treated as having satisfied our best execution obligations for the aspects of the order covered by those instructions.

All such instructions will be recorded and retained in accordance with our record-keeping obligations.

## 3. Obligation for Best Execution

Under MiFID II, UK MiFIR and the FCA's Conduct of Business Sourcebook (COBS), we are required to take all sufficient steps to obtain the best possible result for our Regulatory Clients when we receive and transmit orders for execution.

When seeking best execution, we take into account the following execution factors:

- Price
- Costs (including venue fees, commissions, taxes and settlement costs)
- Speed of execution
- Likelihood of execution and settlement
- Size and nature of the order
- Any other consideration relevant to execution (including implicit costs and quality of clearing/settlement)

For Retail clients, the total consideration (price plus costs related to execution) will usually be the most important factor. However, in some situations other factors (for example likelihood of execution in an illiquid market) may take precedence where this is necessary to obtain the best possible result overall. You provide your consent to this Policy, including execution outside a Regulated Market ("RM"), Multilateral Trading Facility ("MTF") or Organised Trading Facility ("OTF"), through our Terms and Conditions and/or Investment Management Agreement ("IMA").

#### 4. General Execution Factors Considered by HottCo

While we always seek to obtain the best available result when carrying out each client order, best execution does not mean that we must achieve the best possible outcome on every single transaction. Our obligation is to take all sufficient steps to obtain the best possible result on a consistent basis, taking into account the factors and criteria described below. In determining the relative importance of execution factors, we consider:

- Your characteristics, including your regulatory categorisation
- The type of service (e.g. portfolio management)
- The characteristics of the order (size, nature and any conditions)
- The characteristics of the financial instrument
- The characteristics of the execution venues or counterparties available

Although we have permission for all MiFID Annex 1C instruments, your mandates are generally focused on:

- Transferable securities (e.g. equities, listed instruments)
- Money-market instruments
- Units in collective investment undertakings

We may also use foreign exchange instruments to hedge specific currency exposures. Best execution obligations under MiFID II do not apply to spot FX; however, we will always treat you fairly and manage conflicts of interest in relation to such transactions. Below is a summary of how we typically apply execution factors by asset class.

##### 4.1 Equities and Exchange Traded Products (ETPs)

Typically higher importance is placed on:

- Execution price
- Execution costs
- Size and nature of the order

Lower (but still relevant) importance is placed on:

- Speed
- Likelihood of execution
- Quality of clearing and settlement facilities

In liquid equity and ETP markets, price and costs (total consideration) will usually be the main factors. For less liquid instruments, likelihood of execution and speed may become more important.

##### 4.2 Fixed Interest Instruments

Typically higher importance is placed on:

- Execution price
- Size and nature of the order
- Likelihood of execution

Lower importance is placed on:

- Execution costs
- Speed
- Quality of clearing and settlement facilities

Because liquidity can vary significantly, likelihood of execution can in some cases outweigh other factors.

##### 4.3 Derivatives and Forward FX

Where we transmit orders in derivatives or forward FX (usually in line with specific mandates), we typically place higher importance on:

- Execution price
- Size and nature of the order
- Likelihood of execution

Costs, speed and settlement facilities are still relevant but may be of relatively lower importance, given the way these markets operate and the limited venues often available.

##### 4.4 Collective Investment Schemes (CISs)

For funds and CISs, we usually deal directly with the product provider at their published prices and charges.

- Prices are generally determined by the fund manager's valuation point.
- Occasionally, we may cross trades internally between clients in the same CIS. Where this occurs, we will use the product provider's next dealing price to ensure that clients are treated fairly and that no client is disadvantaged.

##### 4.5 Structured Products and Bespoke OTC Products

Where we transmit orders in structured products or other bespoke OTC instruments, we:

- Assess the fairness of the price on a case-by-case basis, using the market data available; and
- Seek to ensure that pricing and structure are in your best interests.

Transactions in structured products are typically executed directly with the product provider or distributor.

## 5. Order Handling, Aggregation and Allocation

We are required to transmit and allocate orders promptly, fairly and expeditiously.

### 5.1 Order Handling

Our execution process broadly follows three stages:

1. Order decision
  - When a Portfolio Manager (“PM”) decides to invest, the decision time and pre-allocation between clients are recorded.
2. Order placement
  - Before placing an order, the PM checks the market with the selected counterparty and notes the prevailing market price from an appropriate data provider.
  - The time the order is placed and the reference market price are recorded.
3. Order execution
  - Execution time and price are recorded based on the counterparty’s confirmation (by telephone and/or agreed electronic communication).

All orders are recorded accurately and retained in line with our regulatory obligations.

### 5.2 Aggregation of Orders

In the interests of achieving the best possible result, we may aggregate your order with those of other Regulatory Clients, provided that:

- It is unlikely that aggregation will be to the overall disadvantage of any client whose order is aggregated; and
- Any potential disadvantage is disclosed in our Terms and Conditions.

After execution, aggregated orders are promptly and fairly allocated, typically on a pro-rata basis taking into account:

- Investment guidelines and restrictions
- Existing portfolio holdings
- Cash availability

In the case of partial fills or IPO allocations, we allocate fairly and proportionately across affected client accounts.

## 6. Execution Venues and Counterparties

- We do not execute orders directly on trading venues ourselves. Instead, we transmit or place orders with a range of approved counterparties that act as our execution venues.
- Our selection of venues and counterparties is based on their ability to consistently deliver best execution, taking into account price, costs, likelihood of execution and settlement, and quality of service.
- We may add or remove counterparties and venues over time in response to market developments, regulatory changes or our ongoing monitoring findings.

### 6.1 Selection of Counterparties

We only use counterparties that:

- Have execution arrangements and order execution policies designed to provide best execution;
- Are appropriately regulated (by the FCA, their home state regulator or equivalent);
- Have appropriate financial strength, reputation and operational capability;
- Provide good market access, including to RMs, MTFs, Systematic Internalisers (“SIs”) and OTC markets; and
- Offer competitive costs and charges, including in less liquid instruments.

Our approved counterparty list is maintained by HottCo, and reviewed and approved by Senior Management and the CEO.

We may also use non-UK / non-MiFIR entities, provided we are satisfied that their execution arrangements allow us to meet our overarching best execution obligations.

### 6.2 Trading Outside a Trading Venue

You provide prior consent to execution outside a Trading Venue (RM, MTF or OTF) via our IMA and Terms and Conditions, where we reasonably believe this to be in your best interests.

For MiFID instruments admitted to trading on an RM or MTF, we may consent to our counterparties executing orders OTC where this can achieve the best possible result.

### 6.3 Publication of Unexecuted Limit Orders

Under FCA rules, there is a requirement in certain circumstances to publish unexecuted limit orders. You have consented to us (and our counterparties):

- Not making public the details of limit orders which cannot be filled immediately,
- Unless we, or our counterparties, consider it appropriate to do so.

## 7. Monitoring and Review Arrangements

We monitor the effectiveness of our order execution arrangements and this Policy on an ongoing basis. Our Portfolio Managers, Senior Managers and Compliance Officer (“CO”):

- Review trading activity, including prices obtained, costs, and allocation outcomes;
- Monitor execution quality across counterparties and markets;
- Review counterparties’ own order execution policies, and any management information (“MI”) they provide;
- Escalate any concerns to senior management and the Board as appropriate.

In addition:

- Our CO and Senior Managers meet at least annually to review this Policy and our execution arrangements.
- We review the Policy whenever a material change occurs that could affect our ability to obtain the best possible result on a consistent basis.

Management Information on best execution and related matters is reported to the Board of Directors. We will notify you in writing of any material changes to this Policy or our execution arrangements.

## 8. Handling of Errors

Where an error occurs in the placing, execution or allocation of an order (for example, an incorrect instrument, size, price, client account or allocation):

- We will identify and correct the error as soon as reasonably practicable.
- Any re-allocation or correction will be carried out with the aim that clients are treated fairly and not disadvantaged.
- Records will be maintained of the error, its cause, the corrective action taken and any steps implemented to reduce the likelihood of recurrence.

Where a third-party counterparty or custodian is responsible for an error, we will work with that party to ensure the matter is resolved in the client’s best interests.