

Order Execution and Allocation policy

Purpose

This document is to provide clients of Sand Aire Limited and Lord North Street Limited, together trading as Sandaire Investment Office (“Sandaire”) with information in relation to our order execution arrangements.

Introduction

Under the Financial Conduct Authority’s (“FCA”) Markets in Financial Instruments Directive (“MiFID II”) and Conduct of Business rules, we have established and implemented an Order Execution Policy (this document) to ensure we obtain the best possible result for our clients when executing their orders (buying and selling of securities and other financial instruments), which is set out below. This policy is maintained online on the Regulatory Documents page of our website at www.sandaire.com.

Our obligations under the rules and the objective of this policy are to ensure that we take sufficient steps to obtain the best possible outcome(s) for our clients taking into account a range of execution factors, when we place trades or transmit orders to other entities to execute.

While the best possible outcome will often be determined in terms of the total consideration for the transaction, representing the price of the financial instrument and the cost related to execution, there will be situations when this is not the priority when executing a trade. Examples may be:

- for illiquid stocks, the likelihood of execution may be more important than price
- when raising cash to cover client withdrawals, speed may take priority over price
- the choice of execution venue may be limited for certain instruments

Best Execution Obligations

The Best Execution regulations are designed to ensure firms obtain the best possible result for their clients on a consistent basis, rather than for each and every client trade. The way in which we operate, trades for individual clients are often aggregated together with other client orders before the order(s) are sent to our Broker or Custodian for fulfilment. Whilst for many clients and Custodians we are free to deal with our selected Broker, for others we are required to place the trades with the Custodian holding the client’s accounts. As a result we may be placing orders with multiple Custodians and our Broker that will “compete” with each other in the market. To ensure fairness in these situation Sandaire may choose to execute on a volume weighted basis on the day to ensure no single client is advantaged or disadvantaged.

Due to the scope of our regulatory permissions with the FCA, we are licensed to control client assets but cannot and do not hold them. As a result, client assets including cash deposits are held by a mix of Custodians, some appointed by our clients directly and others appointed by us as agent for our clients. As a result, the way we place orders for execution in the market varies and can be summarised into three approaches; the way the Best Execution rules apply varies between each approach.

1) Orders placed with a Custodian that has been chosen by the client and that requires orders to be placed with them for execution and settlement.

In the case where a client has chosen their own Custodian and requests us to manage the portfolio held with their Custodian and the Custodian requires orders to be routed through them, then our best execution obligations to the client will be satisfied as we have no discretion to influence the trading outcome, although we may choose to place orders with that Custodian on a volume weighted average basis, if we are placing similar orders into the same market for other clients.

On the other hand, where the Custodian does not require us to place orders via them and we are to use our own choice of broker, we will take sufficient steps to fulfil our best execution obligation to the client. The extent of the steps taken would be subject to the requirements of point 2 and point 3 below, namely dependant on whether the Custodian is a MiFID firm (a firm in the European Economic Area ("EEA")) or a non-MiFID firm.

2) Orders placed with a MiFID Custodian or broker (including fund platform) recommended or chosen by Sandaire.

In the circumstances where the client uses a Custodian appointed by us as their Agent and that Custodian is in the EEA and is therefore subject to the requirements of MiFID, then we will take sufficient steps to fulfil our best execution obligation to the client. This is also the case where we execute orders via a broker chosen by us, who is subject to the requirements of MiFID, and then "give-up" that trade to the relevant Custodian for settlement.

If the Custodian, broker or fund platform is subject to MiFID, we will place a degree of reliance on them to comply with their own best execution obligations. However, reliance is only placed after we have satisfied ourselves that they have sufficient arrangements to comply with their own duty of best execution as a MiFID firm; which is something we monitor and review periodically. Please see Review & Monitoring for further details.

3) Orders placed with a non-MiFID Custodian or broker (including fund platform) recommended or chosen by Sandaire.

The circumstances are the same as point 2, except that the Broker or Custodian we have chosen is not in the EEA and therefore not subject to the requirements of MiFID. In this situation, we take all sufficient steps to fulfil our best execution obligation to the client. Please note there are various reasons for why we may chose a non-MiFID Custodian or broker (as opposed to a MiFID one), predominantly the jurisdictional requirements of the client. For further details on this and the steps taken to fulfil our best execution obligation when using a non-MiFID Custodian or broker, please see the section below on Review & Monitoring.

Choice of Broker Custodian

The following are a range of financial instruments that we currently transact in on behalf of our client base. We have chosen to exclusively use Northern Trust UK as our broker where that choice is ours. Where the orders are placed with a Custodian, please refer to Annex I for a list of Custodians that we may place trades with on behalf of clients.

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Financial Instruments

Equities (shares & depositary receipts), debt instruments (bonds and money market instruments) and exchange traded collective investment schemes (ETFs, Investment Trusts): We do not execute trades for our clients directly with the market, but instead place orders with Northern Trust UK as our selected broker or the client's appointed Custodian. The best execution arrangements for Northern Trust are reviewed at least annually and their performance for Best Execution reviewed monthly. For further details on this process, please see the section below on Review and Monitoring.

Open ended collective investment schemes (funds, unit trusts) with market listings: Whilst a fund operator will be the execution venue for the majority of orders, offshore funds may be listed on an offshore stock exchange. In order to preserve the tax status of the fund, it may be necessary to trade through the offshore stock exchange. In such instances, we will place the order with Northern Trust or the client's appointed Custodian, who in turn will execute the order through the relevant exchange. In these circumstances, the execution price will be exactly the same as the price that would have been received from the fund operator.

Closed end collective investment schemes (closed end funds) listed offshore: Listed closed-end funds are frequently illiquid investments. The market listing may provide some liquidity on a matched bargain basis. We will typically place client orders with Northern Trust or the client's appointed Custodian, who in turn will execute the order through the relevant exchange. The price will be determined by the fund operator (or its agent) and typically a commission will be charged.

Limited Liability Partnerships ("LLPs"): LLP arrangements are classified as unregulated collective investment schemes. These are illiquid investments and cannot be sold by the investor except on a matched bargain basis. The execution venue for LLPs is usually the operator of the LLP. Consequently, it will not be possible to take into account the execution factors that would apply to a market listed security and investors will execute at a price determined by the operator or its agent.

Investments in private companies: It will not be possible to take into account the execution factors that would apply to a market listed security when transacting in securities in private companies and clients will execute at a price and on terms agreed with the private company or their appointed agent.

Foreign exchange trades: All foreign exchange transactions (whether on a standalone basis or related to the conversion of trade and income proceeds) are executed by the Custodian holding the client's assets. We will instruct the Custodian, on an ad hoc or standing basis, to complete a foreign exchange transaction, including when this instruction relates to the purchase or sale of an asset. Clients should refer to their custody terms for further information.

Derivative trades (currency): Where permitted by the client agreement or fund terms, derivatives may be used to provide portfolio protection.

For exchange traded derivatives we do not trade directly on an exchange. We deal via Northern Trust, with whom commission and clearing rates are agreed or with client's appointed Custodian. Over-the-counter (OTC) derivatives are traded with a small number of counterparties, once again, specifically approved for this asset class or with the appointed Custodian.

Review and Monitoring

Broker Approval Process: When deciding to use Northern Trust as our broker we did so having evaluated a number of alternative brokers and ensuring that they were able to offer our clients Best Execution and competitive terms. Our choice reflects the enhanced service Northern Trust is able to offer us over other brokers allied with increased market coverage. We have chosen not to use a panel of specialist brokers as we were not satisfied that we would be able to monitor the execution quality for each trade and Northern Trust are able to provide us with full trade-by-trade reporting allowing us to validate the quality, speed and price of execution for each trade. Our choice of broker remains under regular review (at least annually).

Recommending a Custodian: When deciding which Custodian to recommend to a client, the best execution arrangements of the Custodian will be one of the factors we consider. Other factors we take into consideration include being able to service the client's specific requirements (namely the availability of markets), the client's preference for an onshore or offshore Custodian, the operational and regulatory efficiency of us having an existing relationship with a Custodian, the speed of execution, fulfilling the requirements for reporting (namely at transaction level and/or providing adequate valuation statements), the Custodian's reputation and creditworthiness and, importantly, the total cost of that Custodian, including trading costs.

Being satisfied with the Custodian's order execution arrangements, will be an aspect of the due diligence performed by us on the Custodian. This will encompass, as is the case with brokers, for MiFID firms a high level review of the Custodian's order execution policy. However, for non-MiFID firms a detailed review will be performed to check if the order execution policy is equivalent to MiFID standards or not. Ongoing and regular due diligence will also be performed to obtain comfort on the Custodian's best execution arrangements.

Monitoring: Both the effectiveness of our execution policy and the execution quality of our counterparties, where applicable, is monitored by us on a regular basis. Where our trade monitoring highlights any deficiencies, and we feel best execution is not being delivered, we will assess whether we need to make changes to our execution arrangements. This policy is subject to an annual review or when there is a material change that occurs that affects our ability to continue to obtain the best possible result for our clients.

When will our Best Execution Policy not apply?

Our order execution policy will not apply in two circumstances:

- In the case where a client has a Custodian relationship that requires us to use their Custodian to route orders through them; or
- In the case where a client gives us specific instructions as to how they would like an order dealt with, for example specifying the execution venue.

Partially filled trades and scaled back allocations

When an order cannot be completed in full the order will be filled on a pro-rata basis between the clients in the partially filled order, rounded to ensure each client receives a tradable allocation. Where the scale back is so significant that participating clients would receive an impractically small allocation then we reserve the right to allocate the order amongst a subset of the largest participating clients.

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Annex 1 - Custodians used for Execution

- Pictet Luxembourg
- Royal Bank of Canada (London)
- Credit Suisse (Guernsey)
- Credit Suisse (Zurich)*
- Northern Trust (Chicago)*
- Julius Baer
- UBS
- BBH
- Thesis
- KBC
- Old Mutual
- RL 360

*Please note these counterparties are based and regulated in non-EEA countries and therefore not subject to European Union MiFID II regulation