

Best Execution Policy

Heptagon Capital LLP & Heptagon Capital Limited (“Heptagon” or “we”)

This Best Execution Policy sets out how Heptagon seeks to provide best execution in accordance with the Markets in Financial Instruments Directive (MiFID II), the Financial Conduct Authority’s Conduct of Business Sourcebook, and the Malta Financial Services Authority’s Conduct of Business Rulebook.

When providing any of the following investment services, Heptagon shall carry out its activities with utmost good faith and integrity and in accordance with the best interests of our Clients when placing orders with other entities for execution (“best execution”):

- a. Execution of orders; or
- b. Portfolio Management - Make investment management decisions to deal on behalf of clients and place orders with other entities for execution; or
- c. Receive and transmit orders with other entities for execution on behalf of clients.

(Each being referred to throughout the policy as ‘execution of client orders’)

Best execution involves Heptagon taking sufficient steps to obtain the best possible result for the clients’ transaction. This result can be measured by a number of execution factors such as price, costs (including execution venue fees, clearing and settlement fees, other fees paid to third parties involved in the execution of the order) and timeliness of execution.

Heptagon’s typical execution arrangements and execution policy for different types of investment

Equities

In the case of equities, Heptagon does not directly trade securities on execution venues. Brokers are employed to execute trades on our behalf. The selection of the execution venues is left in the hands of the brokers. However, we measure their performance on a trade-by-trade basis in the market i.e. the execution price is compared against the market on a regular basis. If the price is not competitive, the issue is flagged with the broker. Another precaution taken is with less liquid securities, where we ensure that a sales trader is used as opposed to an electronic trading desk, as algorithms tend to be less efficient in illiquid markets. In this respect, the better prices that are received through sales traders are deemed to outweigh the lower costs of electronic trading desks.

Money-market and cash equivalent instruments

Where we trade in government debt securities, once a price is received from a broker via Bloomberg FIT or Instant Bloomberg messaging service, it is checked against the market before it is accepted.

Foreign Exchange (FX)

The FX market is generally over the counter. Under normal market conditions, we will execute with a primary FX counterparty electronically. If executing electronically is not possible, we will execute by transmitting orders to the broker via email. For any significant transaction, the price is checked against the market before being accepted.

Derivatives - Futures

Financial index Futures are used to gain and/or hedge market exposure where the use of individual securities is inefficient. Orders are placed electronically to brokers primarily through Bloomberg EMSX or else via the Instant Bloomberg messaging service or the broker’s proprietary trading platform. For any significant transaction, the price is checked against the market before being accepted.

Execution Factors

Subject to any specific instructions given by our Clients, when executing orders on behalf of clients, we will take all sufficient steps to obtain the best possible result for them by taking into account the following execution factors:

- Price;
- Costs;
- Speed;
- Likelihood of execution;
- Nature;
- Venue; and

any other relevant consideration(s).

Heptagon will verify on an ongoing basis that the execution arrangements it has established work well throughout the different stages of the order execution process. We will take all appropriate remedial actions if any deficiencies are detected to achieve the best possible results for our Clients on an ongoing basis.

Best execution applies to all financial instrument types, although execution factors should be considered and applied as appropriate to different instruments depending on their relative importance. In the majority of cases, we would typically expect that the most significant issue to be taken into account will be the total consideration to be paid or received. However, there will be occasions when other factors may be more important or relevant and, Heptagon may use its judgment and experience to give greater prominence to other execution factors other than price based on the following types of criteria:

| Execution factors other than price | When will this execution factor take precedence over price? |
|---|---|
| Costs and Nature | In the case of illiquid stocks, generally sales traders are used to obtain better prices despite the lower costs attained from using electronic trading desks. |
| Speed and/or Likelihood of execution | Another consideration for less liquid stocks or large size orders is the speed and/or likelihood of completing the transaction. This may result in fewer advantages with regards to prices obtained but overall better results. |
| Venue | Restricting brokers to venues would limit them in their best execution abilities. |

Execution Venues

Primarily, brokers and venues are selected based on their ability to meet the best execution factors listed above. The lists of venues to be used 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 experience. From time to time, we may use execution venues that are not included on the list where it deems this to be appropriate in order to be able to continue to meet its obligation to obtain the best possible results for its Clients.

The table below lists the brokers currently being used per financial instrument. All entities that Heptagon executes with have provided Heptagon with confirmation that they have execution arrangements that enable them to comply with their best execution obligations.

| MiFID Financial Instrument Class | Brokers/Counterparties |
|---|--|
| Transferable securities | <ol style="list-style-type: none"> 1. Jefferies International Limited 2. Jefferies LLC. 3. JP Morgan Securities PLC 4. Kepler Cheuvreux 5. Morgan Stanley & Co. International 6. Numis Securities Limited 7. Liberum Capital Limited 8. Robert W. Baird Co Inc |
| Money-market instruments | <ol style="list-style-type: none"> 1. Morgan Stanley & Co LLC |
| Units in collective investment undertakings; | N/A |
| Options, futures, swaps, forward rate agreements and any other derivative contracts relating to securities, currencies, interest rates or yields, emission allowances or other derivatives instruments, financial indices or financial measures which may be settled physically or in cash; | <ol style="list-style-type: none"> 1. Futures – Saxo Bank A/S 2. Forwards – Brown Brothers Harriman & Co |
| Options, futures, swaps, forwards and any other derivative contracts relating to commodities that must be settled in cash or may be settled in cash at the option of one of the parties other than by reason of default or other termination events; | N/A |
| Options, futures, swaps, and any other derivative contract relating to commodities that can be physically settled provided that they are traded on a regulated market, an MTF, or an OTF, except for wholesale energy products traded on an OTF that must be physically settled; | N/A |
| Options, futures, swaps, forwards, and any other derivative contracts relating to commodities, that can be physically settled not otherwise mentioned in point 6 of this Section and not being for commercial purposes, which have the characteristics of other derivative financial instruments; | N/A |
| Derivative instruments for the transfer of credit risk; | N/A |

| MiFID Financial Instrument Class | Brokers/Counterparties |
|--|------------------------|
| Financial contracts for differences; | N/A |
| Options, futures, swaps, forward rate agreements, and any other derivative contracts relating to climatic variables, freight rates or inflation rates, or other official economic statistics that must be settled in cash or may be settled in cash at the option of one of the parties other than by reason of default or other termination events, as well as any other derivative contracts relating to assets, rights, obligations, indices and measures not otherwise mentioned in this Section, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are traded on a regulated market, OTF, or an MTF; | N/A |
| Emission allowances consisting of any units recognised for compliance with the requirements of Directive 2003/87/EC (Emissions Trading Scheme). | N/A |

When transmitting or placing orders with other entities for execution, we shall determine whether the other entity is likely to enable Heptagon to obtain the best possible result for its clients, in particular by considering whether:

- The entity itself is an investment firm within the meaning of Directive 2014/65/EU (MiFID) and what classification the entity has assigned to us (retail or professional client);
- The entity will undertake by contract to comply with any or all of the best execution requirements in relation to the relevant business with the result that it has contractual but not regulatory responsibilities for best execution; and
- The entity can demonstrate that it delivers a high level of execution quality for the kind of orders that Heptagon is likely to place with or transmit to it.

In certain circumstances, we may deal directly with a market maker rather than with a broker who is acting on an agency basis. For example, this would include situations where we make use of Direct Market Access systems or are dealing with an investment firm that is acting in a principal capacity.

In order to act in the best interests of our Clients, we will regularly assess the market landscape to determine whether or not there are alternative brokers that we could use for our Clients. As a result of this assessment, we will ensure that the brokers we select enable us to obtain results for our clients that are at least as good as the results that we reasonably could expect from using alternative brokers.

Any specific client instructions may prevent Heptagon from obtaining the best possible result for the client. Whenever we receive, a specific instruction from our Client, we shall execute the order following the specific instruction. Furthermore, with respect to retail clients, we shall, in good time before the provision of the Service, provide a Retail Client with a clear and prominent warning that any specific instructions from a Client may prevent us 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 that instruction.

Where we execute orders outside a trading venue, other risks such as counterparty risk arise. Heptagon seeks to mitigate this risk by monitoring the prices received from counterparties to ensure they reflect current market values. On request, additional information about the consequences of execution outside of a trading venue can be provided.

OTC Products (including bespoke products)

Heptagon has implemented pre-trade procedures to ensure that prices obtained for OTC products are fair by gathering market data used in the estimation of the price and where possible, by comparing with similar or comparable products.

A Single Execution Venue

We may select only one execution venue to execute client orders in a given class of financial instruments where we are able to demonstrate that such a choice enables us to consistently achieve the best results for our Clients.

Execution Only Services

Execution fees may vary between different venues. Where transactions are made under discretionary management services, we use the clients' Custodian Bank who have their own Broker.

Routing Orders

We do not accept remuneration, discount, or any non-monetary benefit for the decision to route client orders to a particular trading or execution venue.

Client Limit Orders

In the case of a client limit order in respect of shares admitted to trading on a regulated market or traded on a trading venue that are not immediately executed under prevailing market conditions, we will, unless the client expressly instructs otherwise, take measures to facilitate the earliest possible execution of that order by making public immediately the client limit order in a manner which is easily accessible to other market participants. This limit does not apply where the limit order is large in scale compared with normal market size.

Monitoring

As part of our monitoring carried out on at least an annual basis, we determine whether the venues used are delivering the best possible result for execution for our client orders and decide whether to introduce execution venues that are currently excluded from our execution policy. The impact of our actions on the execution quality is also monitored in this respect.

In situations where it has been ascertained that we are not obtaining the best possible result for our clients, it will investigate whether this is a consequence of failing to follow our execution policy and/or arrangements or because of a deficiency in such policy and/or arrangements and will make the required amendments.

Review and Approval

This document shall be reviewed at least on an annual basis or whenever a material change has occurred which affects the ability of Heptagon to continue to obtain the best possible result of the execution of clients' orders on a consistent basis using the venues included in the policy. The venues included in the policy are assessed on a regular basis in order to provide the best result for our Clients whilst the policy is assessed to determine whether any changes are required to the execution arrangements.

The review undertaken shall assess whether a material change has occurred and changes to the relative importance of the best execution factors may be considered in order to meet the overarching best execution requirement.

Heptagon will also notify Clients with whom it has an ongoing relationship, of any material changes to our order execution arrangements and/or order execution policy.

Additional Information

Where a client makes reasonable and proportionate requests for information about its policies or arrangements and how they are reviewed by us, we shall answer clearly and within a reasonable time. Upon request, we shall also demonstrate to Clients that we have executed Client orders in accordance with our execution policy.

Reviewed: 30th March 2023