

ORDER EXECUTION POLICY

PURPOSE

Under the revised Markets in Financial Instruments Directive ("MiFID II") and the Conduct of Business rules of the Financial Conduct Authority ("FCA"), Cadro Technologies Limited ("Cadro") is required to establish and implement an order execution policy regarding the duty to obtain the best possible result for clients when executing orders.

This policy is subject to review annually or when there is a material change that occurs that affects our ability to continue to obtain the best possible result for our clients.

INTRODUCTION

We are required to take all sufficient steps to obtain, when executing orders, the best possible results for our clients, taking into account the execution factors. The execution factors to be taken into account are price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of an order. When executing client orders, we will take into account the following criteria for determining the relative importance of the factors:

- the characteristics of the client including the categorisation of the client as retail or professional
- 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

For clarification, the best execution rules apply when executing orders or placing orders with or transmitting orders to other entities to execute.

We do not treat Retail Clients and Professional Clients differently, as the nature of services we offer across our client base is typically the same. As a result, for most of our clients, the best possible result will generally be determined in terms of the total consideration for the transaction, representing the price of the financial instrument and the cost related to execution. However, speed of execution, likelihood of execution, timeliness of settlement, the size and nature of the order and market impact may affect the eventual transaction price.

While price is often the most important execution factor, there will be situations when this is not the priority when executing a trade:

- for less liquid stocks, the likelihood of execution and provision of liquidity may be more important than price
- when raising cash to fund portfolio outflows, speed may take priority over price
- the volatility of price may make timeliness a greater priority
- the choice of execution may be limited to one venue for certain instruments

BEST EXECUTION OBLIGATIONS

The regulatory requirement on best execution does not mean that we have to achieve the best possible result with every trade, but we do have to take all sufficient steps to obtain the best possible result for our clients on a consistent basis.

There are three routes that can be taken when we trade financial instruments (excluding orders relating to collective investment schemes transmitted directly to the fund operator). The extent to

which the best execution requirement applies is dependent on the route that the trade order has taken:

1. Orders placed with a custodian that has been chosen by the client

When we follow the client's instruction to trade through the custodian they have chosen, then our best execution obligations to the client will be limited as we have no discretion to influence the trading outcome.

2. Orders placed with a custodian or broker (including fund platform) in the EEA recommended or chosen by Cadro

If the counterparty (whether it is a custodian, broker or fund platform) is in the EEA, it is subject to MIFID and we can place a degree of reliance on the counterparty to comply with its own best execution obligations. However, we will only do so if we are satisfied that the counterparty has sufficient arrangements to comply with its own duty of best execution as a MiFID firm. Please see the section below on Review & Monitoring for further details.

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

In this situation, we take all sufficient steps to fulfil our best execution obligation to the client as we cannot place any reliance on the counterparty. There are various reasons why we may choose a non-MiFID custodian or broker. 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.

FINANCIAL INSTRUMENTS

The following is a list of financial instruments that we may transact in on behalf of our clients:

- Equities (shares & depositary receipts), debt instruments (bonds and money market instruments) and exchange traded products (funds, notes and commodities): We will execute trades with our or the client's appointed custodian. The best execution arrangements of all of any custodians that we use are reviewed initially and on an ongoing basis. For further details on this process, please see the section below on Review and Monitoring.
- Exchange traded products (ETPs): We will execute trades with our or the client's appointed custodian. The best execution arrangements of any custodians that we use are reviewed initially and on an ongoing basis. For further details on this process, please see the section below on Review and Monitoring.
- Collective investment schemes (funds): Orders to buy and sell units in collective investment schemes are processed by the operator of the fund or its appointed Transfer Agent (TA). As the fund operator/ TA is the only possible execution venue, it will not be possible to take into account the same execution factors that would apply to a market listed security. Cadro may instruct fund executions electronically through a fund's transaction network. Alternatively, we may transmit orders through our or the client's appointed custodian, an alternative network provider, or directly to the fund operator/ TA by authorised fax, telephone or email. The client will bear no additional costs as a result of our using a fund platform; however, the appointed custodian may charge for investing in funds. Clients should refer to their custody terms for further information.

- Open-ended collective investment schemes (funds) with market listings: Whilst a fund operator will be the execution venue for orders, offshore funds may be listed on an offshore stock exchange (e.g. the Channel Islands Stock Exchange, CISX). 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 our 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: Closed-end funds listed offshore (e.g. on the Channel Islands Stock Exchange) are frequently illiquid investments. The market listing may provide some liquidity on a matched bargain basis. We will typically place client orders with our 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 by the broker or custodian.
- 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 its 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 our or the client's appointed custodian. We will instruct the custodian, on an ad hoc or standing basis, to complete a foreign exchange transaction. Clients should refer to their custody terms for further information.
- Precious metals: All transactions in precious metals (such as gold and platinum) are executed by our or the client's appointed custodian. Clients should refer to their custody terms for further information.
- Derivative trades (equity and currency): Where permitted by the client agreement or fund terms, derivatives may be used to provide portfolio protection or to generate income or performance.
- Exchange traded derivatives: We deal either with our or with client's appointed custodian. Over-the-counter (OTC) derivatives are traded either with a small number of counterparties, specifically approved for this asset class, or with the appointed custodian.

REVIEW AND MONITORING

When deciding which custodian to recommend to a client, the best execution arrangements of the custodian will be a principal consideration. Other factors 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, total consideration.

Being satisfied with the custodian's order execution arrangements will be an aspect of the due diligence performed by us on the custodian. For MiFID firms, we will conduct a high-level review of the custodian's order execution policy. For non-MiFID firms we will perform a detailed review 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.

The effectiveness of our execution policy 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 what changes we need to make to our execution arrangements.

WHEN WILL OUR ORDER EXECUTION POLICY NOT APPLY?

We will be limited in the extent to which we can apply our execution policy in two circumstances:

- in the case where a client has a pre-existing custodian relationship and requests us to continue to use their current custodian or the custodian requires orders to be routed 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.

EXECUTION VENUES

Following the requirements of MiFID II, further details on the execution venues we use to place trades with are available in our annual disclosure via our website: www.cadro.com.