



Best Execution Policy

May 2022

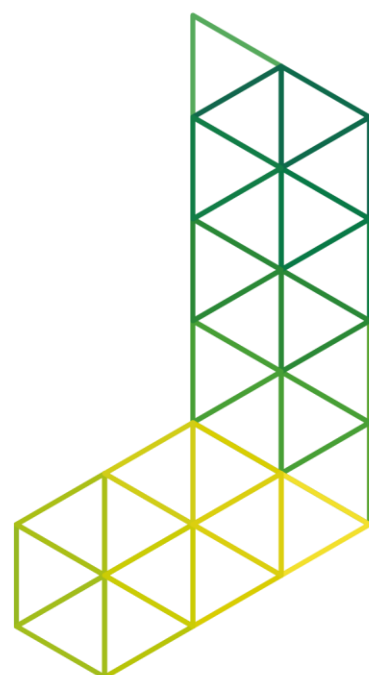
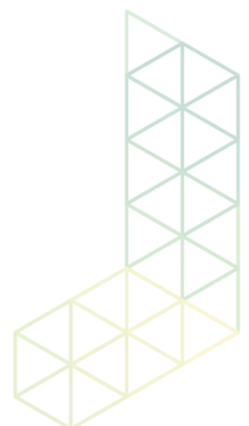




Table of Contents

Framework and context	3
Introduction	3
The Best Execution obligation	3
Introduction	3
Application of FCA and EU regulations	3
Direct and indirect execution	3
Obtaining the Best Possible Result	4
Execution venues and selection of counterparties	4
"One-off" approval process	4
Fair Allocation, aggregation of orders and internal crossed trades.....	4
Acting on Specific Client Instructions	4
Off-Venues trades	5
Execution Factors	5
Execution Criteria	6
Best Execution monitoring	7
Demonstrating best execution to clients and the FCA.....	7
Best Execution Policy Review	7
Policy disclosure and consent	7
MiFID II Reporting	7
Annex 1 – Execution Venues	9
Version Control.....	10





Framework and context

Introduction

This document ("the Policy") sets out the approach taken by Downing LLP ("Downing") in ensuring that the best outcome is obtained for its clients on a consistent basis when executing client orders. This Policy has been updated to take into account new rules arising as a result of the implementation of the Markets in Financial Instruments Directive 2014/65/EU ("MiFID II") that came into force on 3 January 2018. Other FCA Rules and Guidance have been taken into account in designing this Policy, as have other EU regulations and ESMA Guidance, where appropriate.

The Policy, which applies to Retail clients and Professional clients as defined by MiFID II, has been drawn up in order to provide an understanding of how Downing executes orders.

Downing has opted for "professional client" status with respect to its brokers, in order to receive adequate protection, particularly regarding the quality of order execution.

The Best Execution obligation

Introduction

FCA rules place a high-level obligation on firms to ensure that client orders are executed on terms that are most favourable to that client, which is referred to as the "best execution obligation".

MiFID II has further enhanced this standard, by requiring that firms take "all sufficient steps" to obtain the best possible result for its clients on a consistent basis when executing and transmitting orders.

For the purposes of this Policy and in relation to the best execution rules more generally, the term "client order" or "order" should be understood to mean all orders in Financial Instruments that are carried out by Downing on behalf of a client. This includes orders that arise in relation to discretionary portfolio management activities, and therefore originate within Downing rather than with the client. In this situation, Downing still has a best execution obligation in relation to the execution of this order.

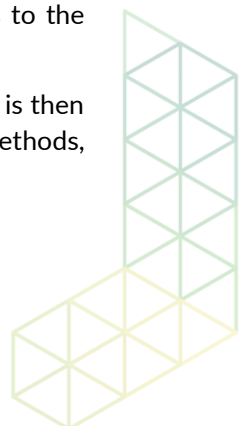
Application of FCA and EU regulations

For investment firms authorised under MiFID, the best execution rules relating to direct execution are contained in Article 27 of MiFID II and the corresponding level 2 provisions¹. Separate requirements apply when client orders are transmitted to a broker ("indirect execution")². These requirements have been implemented by the FCA in the UK in COBS 11.2A.

Direct and indirect execution

The nature of the best execution obligations differs depending on whether the Firm is executing orders directly, or whether these orders are being transmitted to third parties (i.e. brokers) for execution. Direct execution includes situations where a firm interacts directly with other counterparties to the trade, without going through a broker.

Indirect execution refers to the practice of transmitting orders to brokers, for which the broker is then responsible for execution. These orders may be transmitted to the broker by a variety of methods, including by telephone and email.





Downing only transmits orders to brokers. The list of instruments in which Downing trades, is included below in Table 1.

Obtaining the Best Possible Result

Execution venues and selection of counterparties

Downing is obliged to assess the execution venues available to identify those that will enable us, on a consistent basis, to obtain the best possible result when processing Client orders. The execution venues used by Downing are represented by banks, brokers and other liquidity providers included on our Approved Counterparty List ("ACL") as well as Electronic Communication Networks "ECNs", Broker Crossing Networks "BCNs" and Multi-Lateral Trading Facilities "MTFs" (collectively "counterparties"). Counterparties are subject to an approval process which includes sponsorship from the relevant Portfolio Manager and a cross-functional due diligence review by the Public Equity team. This ACL is maintained and held by the Compliance team upon confirmation that a due diligence pack is available.

Downing only appoints counterparties regulated within the European Economic area (EEA) to the ACL or those subject to an equivalent regulatory regime in the case of overseas firms who are able to provide an equivalent level of protection afforded to professional clients under MiFID.

"One-off" approval process

In order to ensure best execution, Downing reserves the right to use counterparties that are not included on the ACL on an exception's basis. This may be required where a fund manager wishes to deal in an instrument or geographical location that is not covered by the existing counterparties on the ACL. Permission for the exceptional use of such counterparty on a 'trade by trade' basis must be given by one of the authorised signatories listed in the "One-Off" Counterparty Approval Process, which includes a member of the Enterprise Risk Management Committee (ERMC), the Compliance team and the Heads of Public Equity, who will consider whether it is appropriate to do so.

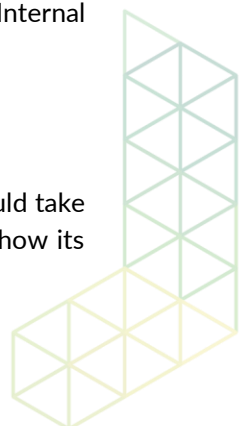
Fair Allocation, aggregation of orders and internal crossed trades

Downing may combine client orders with orders of other clients to carry them out as aggregated orders (block orders). In some circumstances, this may be disadvantageous for the individual order, e.g. due to a decreasing probability or speed of execution, respectively.

In such cases Downing will deal with aggregated orders in accordance with its Allocation Policy which seeks to ensure that orders are aggregated and allocated fairly. Downing may seek to execute all or part of an order by undertaking "agency cross-transactions" (i.e. a transaction where we match, at the same price and on the same terms, the buy and sell orders of two or more clients for whom we are acting as agent). Downing will only undertake such a transaction if it is beneficial to both parties and the order has been executed at a fair price. All trading is undertaken at arms length via an external broker. Internal crosses are transacted in the market and are fully transparent.

Acting on Specific Client Instructions

Downing does not routinely accept specific instructions as to how the execution of orders should take place. However, where Downing has received specific instructions from a client in relation to how its





order should be executed, Downing's best execution obligations will be treated as satisfied in respect of the part or aspect of the order to which those instructions relate. Downing is not released from its best execution obligations in respect of any other part or aspect of the client order that is not covered by such instructions. In certain circumstances, specific instructions from a client may prevent Downing from obtaining the best possible result in relation to that client order.

Off-Venues trades

Downing believes that its order execution arrangements are most effective when it is able to access appropriate sources of liquidity and that restricting the execution of orders to Regulated Markets¹ and MTFs² has the potential to have a detrimental effect on the quality of the execution that Downing can provide when transmitting orders for execution. Therefore, Downing might execute orders outside of a regulated market. Downing requires prior consent from its clients to execute orders outside of a Regulated Market or MTF.

Execution Factors

Downing will take into account a range of different factors in deciding how to execute an order. These include:

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

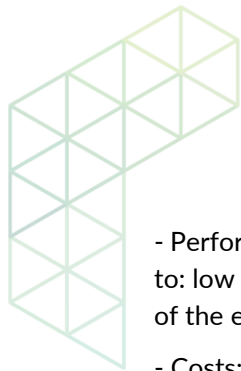
Trading venues are chosen having regard to the following factors, with the aim of providing the best possible result when executing client orders:

- Liquidity and prices: It is beneficial for Downing to select and execute on liquid and price-efficient venues. Other venues may offer prices which improve on those offered by our existing venues or the ability to trade significant additional size at similar prices to those offered on existing venues. We expect liquidity and price to be closely (but not exclusively) associated with the market share the venue commands.
- Credit and settlement risk: Downing will, in general, not select a venue if Downing is not able to determine the obligations (of Downing and the counterparty) to settle a transaction and to resolve failed settlement.

¹ Regulated Markets: a multilateral system operated and/or managed by a market operator, which brings together or facilitates the bringing together of multiple third-party buying and selling interests in financial instruments - in the system and in accordance with its non-discretionary rules - in a way that results in a contract, in respect of the financial instruments admitted to trading under its rules and/or systems, and which is authorised and functions regularly and in accordance with the provisions of Title III of MiFID. (e.g. NYSE Euronext, LSE etc.).

² MTF: Multilateral Trading Facility, which is a system other than a regulated market operated by an investment service provider or an exchange to organise the matching of buy and sell orders relating to financial instruments. (e.g. Chi-X, Turquoise, etc.).





- Performance/Speed of access/likelihood of execution: includes the following metrics but is not limited to: low latency for speed and order controls, liquidity, fill rates, price improvements, etc. and likelihood of the execution/completion of the transaction.
- Costs: Fees that are charged by an execution venue influencing the costs incurred by our clients.

Execution Criteria

Downing may determine the relative importance of each factor using the following criteria:

- the characteristics and classification of the Client;
- The characteristics and nature of client orders, including whether any specific instructions are given;
- The characteristics of the Financial Instruments that are subject to client orders; and
- The characteristics of the Execution Venues to which client orders can be directed.

Table 1 summarizes the Execution strategy and factors by financial instrument:

Table 1 : Execution matrix by class of instruments	Market Facing?	Execution strategy	Venues Type *	Execution factors (ranked by importance)
Financial Instruments				
Equity	No	Orders are sent to counterparty included in the ACL	RM MTF SI	Price, Likelihood of execution and settlement, Liquidity and size, Costs - implicit and explicit, speed / latency
ETF	No	Orders are sent to counterparty included in the ACL	RM MTF SI	Price, Likelihood of execution and settlement, Liquidity and size, Costs - implicit and explicit, speed / latency
Units of Collective Investment Schemes	No	Orders are sent to the Scheme Manager	N/A	Price will be established according to the scheme's particulars or prospectus. Orders will be placed with the relevant single venue according to the known valuation point of the scheme in question at the quoted price.
Unquoted	Yes	Orders are negotiated directly with the counterparty	N/A	Typically, the highest priority is given to the "total consideration". Commercial judgment and experience in light of market information available and taking into account the execution criteria.

(*) RM: Regulated Market (e.g. NYSE Euronext, LSE etc.). MTF: Multilateral Trading Facility, (e.g. Chi-X, Turquoise, etc.). SI: Systematic Internaliser, which executes client orders outside of RMs and MTFs by acting directly as a counterparty and committing its own capital.

In certain circumstances, Downing, in its absolute discretion, may determine the relative importance of best execution factors i.e. promoting factors other than price, to achieve the best possible result.





Best Execution monitoring

Downing will monitor and assess the effectiveness of its Execution Policy and its execution arrangements at least annually, and whenever a material change occurs that may affect Downings' ability to continue to obtain the best overall result on a consistent basis. On an ongoing basis, Octopus will consider whether the execution venues and brokers used by provide for the best overall execution result.

Demonstrating best execution to clients and the FCA

Downing is obliged by FCA rules³ to be able to demonstrate to clients, on request, that all trades have been executed in accordance with this Policy. This obligation does not generally extend to the underlying investors in any fund, although such information can be provided to them upon request. It does however extend to the ICVC, which should be considered the Downing's client for these purposes.

In relation to MiFID business only, Downing must be able to demonstrate to the FCA, upon request, that best execution has been achieved. This requirement goes beyond demonstrating that this Policy has been adhered to.

Downing considers that this Policy, along with the detailed monitoring of execution quality undertaken and the reports escalated to and ratified by the ERM C are sufficient to demonstrate Downing's adherence to the Policy. Downing also considers that this Policy demonstrates more widely that Downing is taking all sufficient steps to provide best execution to its clients and that this is being delivered on a consistent basis.

Best Execution Policy Review

The Policy has been reviewed and approved by Downing's Executive Committee and will be reviewed going forward:

- At least annually
- In case of new activity or financial instrument(s)
- In case of any significant change of organisation or change in the regulation that affects the best execution process

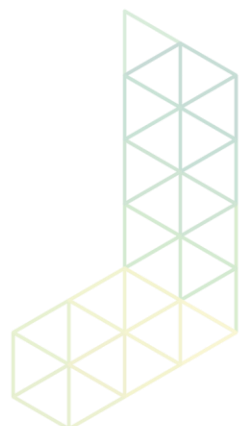
Policy disclosure and consent

In accordance with the relevant contractual terms, Downing is required to obtain clients' prior consent to this Policy. The prior consent is a part of our onboarding process with clients to obtain explicit written consent.

Any update of the policy will be available on Downing's website.

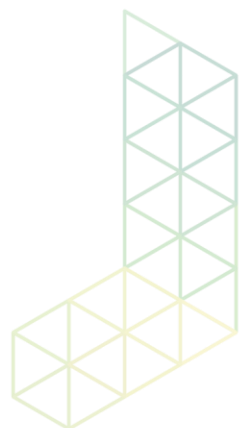
MiFID II Reporting

³ COBS 11.2A.32





Upon reasonable request from a client, Downing LLP shall provide its clients or potential clients with information about entities where orders are transmitted or placed for execution.

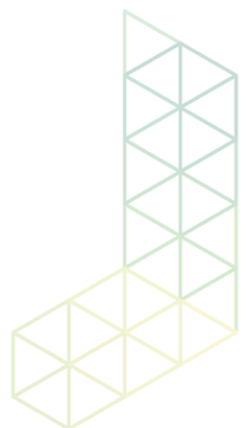




Annex 1 – Execution Venues

Below is a non-exhaustive list of execution venues that we use for transacting Equities.

- Arden Partners
- Berenberg
- Cannacord Genuity Limited
- Cantor Fitzgerald
- Cenkos Securities Ltd
- Charles Stanley
- DNB Markets
- FinnCap Ltd
- Hobart Capital
- Investec
- Jeffries International
- JP Morgan
- Liberum Capital Ltd
- Northern Trust
- N+1 Singer Capital Markets
- Panmure Gordon Ltd
- Peel Hunt Ltd
- Shore Capital Stockbrokers Limited
- Societe Generale
- Stifel
- Stockdale Securities Limited
- W H Ireland Limited
- Whitman Howard
- Winterflood Securities Limited
- Zeus Capital
- IBP Markets





Version Control

Version	Author	Department	Action	Date
1.0	Aida Boufatis	Compliance	Policy creation, no Exco sign off required	05/08/19
2.0	Emily Coles	Compliance	Review and appendix update	26/03/20
3.0	Emily Coles	Compliance	Amendments to broker list	16/06/21
4.0	Danielle Jones	Compliance	Amendment to reflect changes to MIFID RTS 27/28 reporting	05/05/22

Review cycle

Version	Planned review	Actual review	Review owner	Review noted
3.0	16/06/22	May 2022	D Jones	
4.0	01/06/2023			

