

# BEST EXECUTION AND ORDER HANDLING POLICY

TRIUM CAPITAL LLP

JUNE 2023

## INTRODUCTION

The Trium Capital LLP (“**TCL**” or “**the Firm**”) Best Execution and Order Handling Policy outlines the arrangements TCL has put in place to demonstrate and achieve ‘best execution’ – that is seeking to obtain the best possible results for the accounts and funds it manages or the investors in those accounts/funds. The objective of this Policy is to continuously target and seek to obtain the best possible results for client orders.

## APPLICABILITY AND SCOPE OF THE POLICY

This policy applies to TCL in its capacity as an Alternative Investment Fund Manager (“**AIFM**”), a manager of UCITS sub-funds of an Irish domiciled UCITS platform, and as a sub-adviser to a registered investment company organised under the Investment Company Act, 1940 (“**40 Act Fund**”).

When TCL either executes orders for funds or place orders to deal with other entities for execution TCL is required to do so on the most favourable terms in accordance with COBS 11.2 and Articles 27 & 28 of AIFMR. TCL takes the same approach, and operates to the same standards, when it also executes trades or places orders on behalf of a non-AIF client, fund or account.

TCL is a Registered Investment Adviser with the SEC, and therefore must adhere to the Securities Exchange Act of 1934 (the “**Exchange Act**”) as applicable. In Section 28(e) of the Exchange Act, the SEC has introduced a safe harbour for Firms that exercise investment discretion over client accounts to pay for research and brokerage services with commission dollars generated by account transactions. TCL will not accept reliance on the Section 28 (e) safe harbour provision and research shall be paid for in accordance with the TCL Soft Dollar & Research Policy.

Furthermore, TCL has a fiduciary duty established by the Investment Advisers Act of 1940 (the “**Advisers Act**”). As a fiduciary, when an adviser has the responsibility to select broker-dealers and execute client trades, the adviser has an obligation to seek to obtain “best execution” of client transactions, taking into consideration the circumstances of the particular transaction.

An adviser must execute securities transactions for clients in such a manner that the client’s total costs or proceeds in each transaction are the most favorable under the circumstances. In directing brokerage, an adviser should consider the full range and quality of a broker-dealer’s services including, among other things, the value of research provided as well as execution capability, commission rate, financial responsibility, and responsiveness to the adviser.

The determinative factor, in an adviser’s best execution analysis, is not the lowest possible commission cost but whether the transaction represents the best qualitative execution for the managed account. Advisers should therefore periodically and systematically evaluate the execution quality of broker-dealers executing their clients’ transactions.<sup>1</sup>

TCL will take all sufficient steps to obtain the best possible result for the funds and accounts it manages and when doing so takes into account the execution factors set out below.

TCL will act in the best interests of its clients by following the approach set out in this policy, unless it can be demonstrated that a better outcome can be achieved by employing an alternative approach. If an alternative approach is employed, the individual taking this decision must document the reasons for taking this approach and report this to the Firm’s Head of Compliance who will consider whether it was appropriate and also consider if there are any changes required to this policy.

<sup>1</sup> <https://www.sec.gov/files/OCIE%20Risk%20Alert%20-%20IA%20Best%20Execution.pdf>

## EXECUTION FACTORS

Execution factors are any considerations relevant to the execution of the order and TCL will determine the relative importance of each of the factors in relation to each trade. These factors include:

- ▶ price,
- ▶ costs,
- ▶ speed of execution,
- ▶ likelihood of execution and settlement,
- ▶ size of order,
- ▶ nature of order, and
- ▶ other considerations relevant to the order.

Price will usually merit a high relative importance in obtaining the best possible result for clients.

## EXECUTION CRITERIA

When executing a client order, TCL will take into account the following criteria to determine the relative importance of the execution factors:

- ▶ the objectives, investment policy and risks specific to the client fund or account, as indicated (in the case of a fund) in the fund's rules or articles of association, prospectus or offering documents;
- ▶ the characteristics of the order;
- ▶ the characteristics of the financial instruments that are the subject of that order; and
- ▶ the characteristics of the execution venues to which that order can be directed.

These criteria should be carefully applied to each instance to determine the priority of each execution factor.

An execution venue for the purposes of this policy includes a regulated market, an MTF, an OTF, a systematic internaliser, market maker or other liquidity provider or an entity that performs a similar function in a third country to the function provided by any other firm caught by this definition.

## USE OF BROKER/COUNTERPARTY OR DIRECT MARKET ACCESS

TCL will consider which option provides the best possible result for a client when deciding whether to use a broker or counterparty to execute the transaction (i.e. transmitting the order) or whether it uses Direct Market Access ("DMA") and executes the order directly.

The decision made will be unique depending on the financial instrument and the relative importance of the execution factors and execution criteria.

TCL will ordinarily treat price, followed by cost, as the highest priority execution factors to differentiate between execution venues and brokers/counterparties. However, if TCL believes there is a reduced likelihood of successful execution or settlement through a particular venue or broker/counterparty it will avoid trading through that venue/counterparty. In addition, if there is rapid price movement in a particular financial instrument and delay would be likely to disadvantage the client, TCL will treat speed as the priority factor.

Factors that TCL considers in selecting the entities with which client orders are placed or to which it transmits client orders for execution in respect of a particular financial instrument include:

- ▶ general prices available,
- ▶ depth of liquidity,
- ▶ relative volatility in the market,
- ▶ speed of execution,

- ▶ cost of execution,
- ▶ creditworthiness of the counterparties on the venue or the counterparty,
- ▶ any execution venue-specific automated execution algorithms used' and
- ▶ quality and cost of clearing and settlement.

## **SELECTING A VENUE**

A list of the execution venues and platforms that may be used is set out in the Appendix to this policy.

TCL will regularly assess the execution venues available for different types of financial instruments and may add or delete venues to ensure it provides the client with the best possible result on a consistent basis.

When there is more than one competing venue to execute an order, TCL will assess and compare the results for the client that would be achieved executing the order on each of the competing venues listed in this policy. TCL will take into account its own commissions and costs for executing the order when undertaking this assessment and comparison. However, TCL will not compare its commissions and fees with other firms providing the same service or with other services it provides to clients.

TCL will not charge different commissions or fees for different venues that would result in it unfairly discriminating between venues. Any differences in commissions and fees will be as a result of the actual differences in the cost to the firm of execution on those venues. TCL will explain these differences in fees in sufficient detail for the Client to understand the advantages and disadvantages of choice of a particular execution venue.

If TCL invites a client to choose an execution venue it will provide them with fair, clear and not misleading information so they are able to make a decision on the venue which is not just based on the price policy that is applied by TCL.

If TCL selects a single execution venue in this policy, it will ensure that the venue can provide the best possible results for its clients on a consistent basis and that the venue will obtain results for clients that are at least as good as the results that could reasonably be expected from using alternative venues. When undertaking this assessment, TCL will consider the data published by execution venues, firms and market makers on the quality of execution. TCL should also consider the specific way that the order is executed when considering if it is achieving best execution.

When selecting execution venues TCL considers any or all of the following factors:

- ▶ Scheduled auctions
- ▶ Liquidity analysis
- ▶ Toxicity analysis
- ▶ Market share
- ▶ Breadth of market coverage
- ▶ Clearing schemes
- ▶ Circuit breakers
- ▶ Willingness to put balance sheet at risk for non-centrally cleared OTC trades

## **SELECTING A BROKER/COUNTERPARTY**

A list of the brokers and counterparties that may be used is set out in the Appendix to this policy.

When TCL are placing orders with other entities for execution or where it is providing the service of receipt and transmission of orders it will ensure that the broker or counterparty to whom it is transmitting the order will enable it to obtain the best possible result for its clients. TCL will therefore obtain and review copies of the execution policy for all brokers and counterparties and monitor the trades that have been executed by these brokers/counterparties to ensure they have obtained the best possible result for its clients.

Where there is no choice of different execution venues TCL will not have to comply with the majority of the best execution requirements, but it must be able to demonstrate that there is no choice.

When selecting third party brokers TCL considers the following factors:

- ▶ Accurate and timely execution, settlement, clearance and error/dispute resolution processes
- ▶ Reputation, financial strength and stability
- ▶ Block trading and block positioning capabilities
- ▶ Willingness to execute difficult transactions
- ▶ Willingness and ability to locate and/or commit capital to complete trades
- ▶ Execution of an ISDA Master Agreement with the firm's clients
- ▶ Access to underwritten offerings and primary markets
- ▶ Ongoing reliability
- ▶ Overall costs of a trade including commissions, mark-ups, markdowns or spreads
- ▶ Nature of the security and the available market makers
- ▶ Execution at a desired time for the transaction
- ▶ Size of the trade and ability to fill trades in staged orders
- ▶ Anonymity of trading activity
- ▶ Market intelligence regarding trading activity
- ▶ Licence, as required, to execute the type of transaction

## **ADDITIONAL DEALING CONSIDERATIONS**

### **Commission Rates**

TCL will not receive any remuneration, discount or non-monetary benefit for routing client orders to a particular trading venue or execution venue which would infringe the conflicts of interest or inducements requirements to which it is subjected.

TCL shall not structure or charge commissions which would discriminate unfairly between execution venues. TCL's policy is to select the broker or counterparty that charges the lowest commission rates, however this may not be the highest priority execution factor. Where there is a direct choice of broker or counterparty and all other factors are equal, then TCL will choose the broker with the lowest commission rate.

### **Speed of Transactions**

If the price of a stock is moving rapidly, speed of execution will be the priority factor. TCL will achieve speed of execution either through an appropriate DMA or the use of a large broker or counterparty which is capable of achieving rapid and effective execution of the particular stock. Secondary to speed will be successful execution, followed by cost. The price factor in these circumstances is therefore de-prioritised.

### **Geographical Location**

TCL may place trades in instruments which are not in geographical locations where well-developed markets exist with an external broker with known expertise in relation to that stock and its geographical location. This is preferred to ensure successful execution and the best price; however, that broker may not be competitive on cost.

## Illiquid Stocks

For illiquid instruments, TCL will engage with a broker who has expertise in relation to the stock in question. This is to enable TCL to achieve the best overall execution in terms of successful completion of the order, and price. TCL will also consider the broker's commission when assessing which broker to use.

When executing orders or taking a decision to deal in OTC products (including bespoke products), TCL will check the fairness of the price proposed by gathering market data used in the estimation of the price of such product and, where possible, comparing it with similar or comparable products.

## Large Transactions

If a trade is large in comparison to the normal market size for that particular stock TCL will consider using a broker/counterparty to manage the execution of the transaction which has the appropriate expertise. In these cases, the priority factor will either be the broker's ability to complete the transaction successfully or the price.

## Inducements

TCL will only receive third party payments that comply with the FCA, AIFMD and UCITS inducements rules and will inform clients about the inducements that it receives from execution venues. TCL will specify the fees it charges to all counterparties involved in the transaction and where fees may vary depending on the client, it will indicate the maximum fees or the range of fees that may be payable.

If TCL charges more than one participant in a transaction then, in accordance with the inducement rules, it will inform the client(s) of the value of any monetary or non-monetary benefits it receives.

## **MONITORING AND REVIEW OF EXECUTION ARRANGEMENTS AND POLICY**

To ensure that the policy and execution arrangements remain appropriate for TCL and its clients this policy will be reviewed by the Governing Body of the Firm, the Trium Executive Committee, on at least an annual basis. If there is any material change to TCL's ability to continue to obtain best execution then this policy will be reviewed and, if required, updated.

TCL will notify clients if there are material changes to this policy. A material change will be a significant event which could impact the parameters of best execution such as cost, price, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the order.

TCL must monitor the effectiveness of its order execution arrangements and policy in order to identify, and where appropriate, correct any deficiencies.

## **MONITORING AND REVIEW OF EXECUTION**

TCL will undertake systematic compliance monitoring of best execution on a weekly basis to determine whether transactions have been conducted in accordance with this policy. TCL use trade interval VWAP as the basis for monitoring best execution.

Order execution will be reviewed regularly via the TZ trade surveillance monitoring system in order to assess execution. This will help TCL to iteratively measure and review execution performance and to apply improvements through time and as market conditions change.

Certain quantitatively driven investment strategies may have their execution measured outside of TZ if TCL determines that a more useful approach prevails. However, they will still adhere to the same core principles of iterative review.

All execution metrics are reviewed at least annually by the investment committee, where this has been established for a fund.

## **TRANSACTION COST ANALYSIS**

The Head of Trading is responsible for carrying out a quarterly review of the transaction cost analysis reports received from the brokers. The Head of Trading will review the report with the Head of Compliance, and where necessary will escalate any issues.

## **RECORD KEEPING**

In accordance with the FCA SYSC 9.1 General rules on record-keeping, TCL must retain records for all its regulated activity for a period of at least five years.

As a SEC Registered Investment Advisor, TCL must keep documents sufficient to demonstrate the periodic and systematic evaluation of the quality and cost of services received from broker-dealers who execute the firm's trades, such as information received and evaluated, conclusions reached and decisions made, and determinations that practices are consistent with disclosures in the firm's Form ADV.

**APPROVED BY THE TRIUM EXECUTIVE COMMITTEE: 27 JUNE 2023**

## APPENDIX - EXECUTION VENUES AND PLATFORMS

### Exchange Traded Derivatives

Execution Venues	Equity		Fixed Income		FX		Commodity	
	Futures	Options	Futures	Options	Futures	Options	Futures	Options
Athens Derivate Exchange	✓	✓						
Borsa Istanbul	✓							
Borsa Italiana	✓	✓						
Chicago Board of Trade	✓	✓	✓	✓			✓	✓
Chicago Board Options Exchange	✓	✓						
Chicago Mercantile Exchange	✓	✓	✓	✓	✓	✓	✓	✓
COMEX Exchange							✓	✓
Dubai Mercantile Exchange							✓	
Eris Exchange			✓					
Eurex	✓	✓	✓	✓			✓	
European Energy Exchange AG							✓	
Hong Kong Derivatives Exchange	✓	✓	✓					
ICE Canada							✓	
ICE Futures Europe	✓	✓	✓	✓			✓	✓
ICE Futures US Exchange	✓	✓	✓		✓		✓	✓
International Maritime Exchange							✓	
Johannesburg Stock Exchange	✓	✓					✓	
Korea Derivatives Exchange	✓	✓						
London Metals Exchange							✓	✓
Malaysia Derivatives Exchange	✓						✓	
Meff Renta Variable	✓	✓	✓					
Minneapolis Grain Exchange							✓	✓
Montreal Exchange	✓	✓	✓	✓				
NASDAQ OMX Commodities							✓	
NODAL							✓	
NYMEX Exchange							✓	✓
NYSE LIFFE - Amsterdam	✓	✓						
NYSE LIFFE - Brussels	✓	✓						
NYSE LIFFE - Lisbon	✓							
NYSE LIFFE - Paris	✓	✓					✓	✓
OMX Nordic Exchange Stockholm	✓	✓						
Osaka Securities Exchange	✓	✓	✓	✓				
Singapore Exchange	✓	✓	✓		✓		✓	
Sydney Futures Exchange	✓	✓	✓	✓				
Thailand Futures Exchange	✓							
Tokyo Financial Exchange			✓	✓			✓	

## OTC Instruments

Execution Venues	FX	Government Bonds	Interest Rate and Inflation Swaps	Total Return Swaps
Bank of America Merrill Lynch	✓			
JP Morgan	✓			✓
Morgan Stanley	✓	✓	✓	✓
Societe Generale	✓	✓	✓	✓
Standard Chartered	✓			
UBS	✓			
Barclays	✓			✓
SEB		✓		✓
Erste Bank		✓		
Banco Santander			✓	
Northern Trust	✓			
Citigroup			✓	
Goldman Sachs	✓		✓	✓

## Cash Equity

Execution Venues	Cash Equity and Equity-like Products	Single Equity Options
ABG Sundal Collier	✓	
Berenberg	✓	
BMO Capital Markets	✓	
BTIG	✓	
Investec Plc	✓	
Kyte Brokers	✓	
Numis Securities	✓	
Piper Sandler	✓	
TD Securities	✓	
Wells Fargo Bank	✓	
Peel Hunt	✓	
Morgan Stanley	✓	✓
Skandinaviska Enskilda Banken	✓	
JP Morgan	✓	
Goldman Sachs	✓	✓
Jefferies	✓	
UBS	✓	
Cowen	✓	
Makor	✓	
BGC		✓
Bank of America		✓
Mariana UFP		✓



## Relevance of Execution Factors

Execution Factors	Equity	ETD Instruments	OTC FX	Debt FX
Price	High	Medium	High	High
Cost	Medium	High	High	High
Speed of execution	Medium	High	Medium	Low
Likelihood of execution	High	High	High	Low
Speed of settlement	Low	Low	Low	Medium
Likelihood of settlement	Low	Low	Low	Medium
Size of order	Medium	Medium	Medium	Medium
Nature of order	Low	Low	Low	Low