

Best Execution Policy

This document explains the execution and order handling policy of MCAP Global Finance (UK) LLP (“MCAP”) and is drafted in accordance with the regulatory requirements set out in the Markets in Financial Instruments Directive 2014/65/EU (as transposed into UK legislation following Brexit) and related secondary and implementing legislation, including without limitation the MiFID II Delegated Regulation 2017/565 (MiFID II), Chapter 11 of the Financial Conduct Authority's (FCA) Conduct of Business Sourcebook (COBS 11) and the FCA’s Principles for Businesses (PRIN). All terms used by this policy are defined in accordance with the FCA Handbook, specifically COBS 11.2A.

The US Compliance Manual and Code of Ethics, Policies and Procedures contain details of Marathon Asset Management, LP.’s (MAM) policy as regards best execution; these include selection processes and details on monitoring. To the extent that the FCA’s rules impose greater obligations, MCAP must comply with those requirements. For example, the FCA sets out specific execution factors where MCAP must consider and determine the relative importance of each. In addition, while the SEC has indicated that an adviser need not solicit competitive bids on each transaction, the FCA would expect MCAP to be able to demonstrate what steps it took in order to determine which execution venue offered the best price (taking other execution factors into account as applicable) and to be able to evidence this.

When providing portfolio management, client order execution and receipt and transmission services, MCAP is required to comply with the obligation to act in accordance with the best interests of its clients when executing orders and placing orders with other entities for execution (best execution).

Best execution involves MCAP taking all sufficient steps to obtain the best possible result for clients’ transactions. This is achieved by use of the execution factors comprising of price, costs (including execution venue fees), clearing and settlement fees and any other fees paid to third parties involved in the execution of the order. The relative importance of each of the execution factors being determined by reference to the execution criteria. Costs may be excluded, however, that are attributable to differences in the nature of the services that MCAP provides to its clients.

MCAP’s Typical Dealing Arrangements for Different Types of Investment

Equities

For standard UK market orders, and in normal market conditions, MCAP may poll different execution venues to identify the best terms available at the point of trading for the equity concerned. Other orders, including those relating to international equities, that cannot be executed automatically will be dealt manually with another regulated counterparty or via a Multilateral Trading Facility (MTF). This involves a manual search for reference trading prices via market data feeds or by comparing prices offered by other market participants. When an appropriate counterparty is identified, the price is negotiated manually and executed on the best terms identified for the order in question; this may occur off-exchange.

Debt Securities

The debt market in some locations is not centrally organised, and for many non-government issues, is not a liquid market. In these circumstances, the majority of debt issues must be dealt manually in order to identify current traders in the security concerned. If liquidity is available and a price comparison made for the size of trade concerned, MCAP will route the order to the counterparty which provides the most competitive overall

pricing. For some smaller orders, MCAP is able to use automatic execution technology which will source the best bid and offer from a range of bond dealers.

Collective Investment Schemes

MCAP will usually trade directly with the fund manager on negotiated terms not generally available to individual clients.

Over the Counter Products

Over the counter products are traded other than on a formal exchange. The order routing process will depend firstly on the execution factors. Further issues that may affect the order process include the following:

- For bespoke, highly negotiated transactions or for those which may be original trading ideas or for which MCAP has a duty of confidentiality to the originating counterparty, MCAP will route such orders exclusively to the originating counterparty since there will be no other available market liquidity within a reasonable timeframe; and
- For some more standardised products, MCAP will usually select and price poll from a shortlist of dealing counterparties identified by MCAP to be among the most competitive in the field concerned.

Foreign Exchange (FX)

The FX market is wholly over the counter and off exchange across all FX products. Under normal market conditions, MCAP will generally execute with a primary FX counterparty using electronic trading tools. In the event that MCAP cannot execute electronically, it will execute manually. In certain circumstances and product types, MCAP will also use other FX counterparties to fulfil its best execution obligations.

Execution Factors

Subject to any specific instructions given by its client(s), when placing orders on their behalf, MCAP 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;
- Settlement;
- Order size;
- Nature;
- Venue; and
- Any other relevant consideration(s).

MCAP does not need to obtain the best possible results for its clients on every single occasion; rather it will verify on an ongoing basis that the execution arrangements it has established work well throughout the different stages of the order execution process. MCAP will take all appropriate remedial actions if any deficiencies are detected to achieve the best possible results for its 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, MCAP 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, as discretionary managers, MCAP may use its judgement and experience to give greater prominence to other execution factors other than price based on the following types of criteria:

Execution factor other than price	When will this execution factor take precedence over price?
Costs	Where cost and price give a lower overall cost of transaction e.g. when trading loans, it is common for fees to be waived when trading directly with the agent bank. The agent bank may not therefore have the best price but when settlement costs are factored in their price may prove superior.
Speed	Where volatility is the overall driver of the potential trades execution e.g. if a bid/offer is immediately executable in the case of bonds/loans/equities/etc. that are volatile or moving on recent news. If something is executable on an order basis in the next 10-20 minutes then the goal will be to attain the best price possible within that time frame.
Likelihood of execution	Where experience in the market area indicates the ability to execute is not primarily driven by price e.g. the likelihood of execution takes precedence over price when the price is deemed to be unreasonable/off-market and therefore unlikely to be executable.
Settlement	Rarely takes precedence over price as the basic tenets of MCAP's trading environment are widely agreed with effective settlement procedures.
Order size	Order size will take precedence over price when it helps MCAP efficiently accomplish its client's goals overall e.g. the ability to sell/buy more of a bond at a marginally lower/higher price to the benefit of more clients overall.
Nature	The nature of the trade will only take precedence over price where the particular characteristics of the transaction affect how or if execution is received e.g. a large number of dependencies within the trade.
Venue	For instruments reportable under the UK MiFIR pre- and post-trade transparency rules, the only allowed venues are those classified as regulated markets, multilateral trading facilities, organized trading facilities and systematic internalisers. Otherwise, the venue factor would rarely take precedence over price, unless there are materially different prices for different venues.
Other relevant consideration	On a trade by trade basis there may be considerations that outweigh the role of price e.g. size of market place and these will be taken into account where necessary.

MCAP's client order handling procedures require that the relative importance of execution factors is always assessed and the execution of trades can be evidenced as being consistent with its defined priority of the relevant execution factors. This will also take into consideration the characteristics of the client trade, including where the order involves a Securities Financing Transaction (SFT).

Execution Criteria

The relative importance of each of the execution factors will be determined by reference to the following criteria:

- The characteristics of the client including the categorisation of the client as professional;
- The characteristics of the client order (if there is a client order);

- The characteristics of financial instruments that are the subject of that client order; and
- The characteristics of the execution venues or brokers to which that order can be directed.

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 MCAP trades and in the light of experience. From time to time, MCAP 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 Client(s).

The links in Annex 1 list the execution venues for each class of financial instrument MCAP places significant reliance on for execution. The execution venues or counterparties and the quality of execution are regularly reviewed to ensure they continue to provide the best possible result for clients. Other factors used to determine the selection of an execution venue or counterparty include clearing schemes, circuit breakers, scheduled actions and any other material consideration for MCAP under the sub-management agreement.

In certain circumstances, MCAP 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 MCAP makes use of Direct Market Access systems or is dealing with an investment firm that is acting in a principal capacity.

In order to act in the best interests of its clients, MCAP will regularly assess the market landscape to determine whether or not there are alternative venues that MCAP could use for its Clients.

Any specific client instructions may prevent MCAP from obtaining the best possible result for the client.

Where MCAP executes orders outside a trading venue, other risks such as counterparty risk arise. MCAP seeks to mitigate this risk using the process and procedures adopted under the US Compliance Manual and Code of Ethics, Policies and Procedures. On request, additional information about the consequences of execution outside of a trading venue can be provided.

OTC Products

MCAP 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

MCAP may select only one execution venue to execute client orders in a given class of financial instruments where it is able to demonstrate that such a choice enables it to consistently achieve the best results for its clients.

Execution Only Services

Execution fees may vary between different venues. Where transactions are made under discretionary management services, MCAP is responsible for the venue selection, execution and related costs and is accountable to the client for these through its Best Execution Policy and monitoring.

Where a client receives an execution only service, fees charged by different venues may differ. The variation for these different fees is generally attributable to the size of the trade and the predicted costs of execution.

Unless agreed otherwise with the client, MCAP will execute the transaction with the counterparty or venue that offers in its evaluation, the best overall result for the client unless it has received instruction that prioritises other execution criteria over cost in which case additional execution charges may apply.

Routing Orders

MCAP does 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 which are not immediately executed under prevailing market conditions, MCAP 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.

Additional Information

Where a client makes reasonable and proportionate requests for information about MCAP's policies or arrangements and how they are reviewed, MCAP will answer clearly and within a reasonable time.

Annex I	
MiFID Financial Instrument Class	Counterparty / Execution Venues
Transferable securities	Bloomberg MTF MarketAxess Europe Limited GFI Securities Limited BGC Brokers L.P
Money-market instruments	Not applicable
Units in collective investment undertakings;	Respective fund manager
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;	Bloomberg MTF Morgan Stanley & Co. International Plc Deutsche Bank AG Merrill Lynch International
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 event;	Not applicable
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, a MTF, or an OTF, except for wholesale energy products traded on an OTF that must be physically settled;	Not applicable
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;	Not applicable
Derivative instruments for the transfer of credit risk;	Bloomberg MTF MarketAxess Europe Limited GFI Securities Limited BGC Brokers L.P
Financial contracts for differences;	Not applicable
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 event, 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	Not applicable

whether, inter alia, they are traded on a regulated market, OTF, or an MTF;	
Emission allowances consisting of any units recognised for compliance with the requirements of Directive 2003/87/EC (Emissions Trading Scheme).	Not applicable