

MAC Asset Management Limited

ORDER EXECUTION POLICY

2021

Introduction

MAC Asset Management Limited (the “Firm”) is authorised and regulated by the Financial Conduct Authority (FCA). The Firm undertakes discretionary portfolio management for a range of clients and employs a mixture of strategies to do this.

As a discretionary portfolio manager, the Firm makes decisions to deal and subsequently either transmits or executes these decisions on behalf of its clients.

The Firm is an investment firm and, as a result of the activities it undertakes, falls within the scope of the Market in Financial Instruments Directive (MiFID). Investment firms subject to MiFID must take all reasonable steps to obtain the best possible result when executing orders on behalf of clients, taking into account the execution factors. This is the best execution obligation and its requirements are set out in the FCA Handbook under COBS 11.2.

In accordance with the best execution requirements, the Firm will always act in the best interests of its clients when placing orders with other entities for execution.

Best execution applies to all types of financial instruments, but it will be applied in a manner that takes into account the different requirements associated with the execution of orders pertaining to different types of financial instruments.

It should be noted that best execution will apply to each client order executed.

Purpose

As required by FCA regulations, the Firm has produced this Order Execution Policy (“OEP”), which sets out the arrangements that the Firm has implemented in order to comply with its best execution obligation. The Firm must obtain the prior consent of its clients to this execution policy.

Obligation

All staff with responsibility for placing orders must ensure that, in placing orders, they always act in the best interests of their client. This will be achieved 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 placing individual must record and report the circumstances to the Compliance Officer, who will consider whether amendments to this OEP are required.

If the Firm receives specific instructions from a client in relation to a transaction, those instructions supersede its OEP. Execution of the order must comply with the client instructions and, where not covered by the client’s instructions, with this OEP, to an extent compatible with the client’s instructions.

The Firm will be involved in the transmission or execution of orders in all types of financial instruments. When determining our approach to achieving best execution, the Firm must decide whether to execute the trade itself via Direct Market Access (“DMA”), or whether the transaction will be transmitted to an executing Broker/Counterparty. This is the initial step in ensuring Best Execution is provided. The decision is taken with reference to the “execution factors” and the “execution criteria”.

Execution Factors

The “execution factors” are any considerations relevant to the execution of an order. The Firm’s OEP sets out the process for determining the relative importance of each of the execution factors in relation to each trade. The factors to be considered are:

- Price;
- The Broker’s/Counterparty’s expertise relevant to the specific financial instruments traded;
- Speed of execution;
- Transaction costs, including fees and commissions;
- Likelihood of execution and settlement;
- Size of the order;
- Nature of the order;
- Market impact; and
- Other considerations relevant to the order.

The relative importance to the client of each of the above will help to establish best execution. Although in some circumstances execution factors other than price may be more important in obtaining best execution for a client, price is generally the priority execution factor for consideration.

Execution Criteria

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

- The characteristics of the client,
- The characteristics of the client 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 in each instance to determine the priority of each execution factor. Further detail regarding the application of the execution criteria is set out below.

Use of Broker/Counterparty or DMA

A key part of the process of obtaining the best possible result for the client, and therefore one that is integral to this OEP, is the decision as to whether to use a Broker/Counterparty or DMA to execute the order. A further decision will then need to be made as to the choice of a suitable Broker/Counterparty/venue.

Where there are competing options, the Firm will consider the full cost and commission implications of each. The Firm’s internal commission structure will not favour one over another and its commission charges will reflect only those charges it incurs.

Selecting the venue or Broker/Counterparty

For each of the financial instruments traded by the Firm, once the decision to deal has been taken, the choice must first be made as to whether to use a Broker/Counterparty or whether to execute the transaction via DMA. If the former approach is chosen, a Broker/Counterparty is selected. If the latter approach is taken, a market is selected. This decision will be unique depending on the financial instrument and will be based upon the relative importance of the execution factors and execution criteria.

The nature and circumstances of the transaction will determine the priority given to each of these execution factors. In determining priority, the Firm will take account of the characteristics of the financial instrument, the market in question and the circumstances of the order, including any criteria specific to the client.

The Firm will ordinarily treat price, followed by cost, as the highest priority execution factor to differentiate between markets and/or Brokers/Counterparties. However, where the Firm considers that there is a reduced likelihood of successful execution or settlement through a particular Broker/Counterparty or market, the Firm should avoid trading through that entity. Furthermore, in circumstances where there is rapid price movement and any delay is considered likely to disadvantage the client, the Firm should treat speed as the priority factor (i.e. above considerations of price and cost).

In deciding whether to place an order through a Broker/Counterparty, the Firm will apply the execution factors as follows:

- a) Likelihood of successful execution and settlement,
- b) Price, and
- c) Cost.

Consequently, the Firm's use of Brokers/Counterparties is intended to enhance the overall quality of execution taking these factors into consideration. If the same transaction can be executed on similar terms, without the payment of brokers' commission, it is the Firm's policy to avoid the appointment of a broker for that transaction.

Considerations relating to Counterparty/Broker expertise and illiquid instruments

Should the nature of the financial instrument concerned present challenges to successful execution due to its obscurity, its illiquidity or due to under-researched markets or small capitalisation, it is the Firm's policy to engage a Broker/Counterparty for such a transaction. In selecting the appropriate Broker/Counterparty, the priority factor for consideration will be their expertise in relation to the financial instrument in question. This is based on the view that, the greater the Broker's/Counterparty's expertise, the better will be the overall execution (in terms of the achievement of execution and price), albeit that cost, especially the broker's commission, may not be the most competitive and is thus de-prioritised.

Considerations relating to commission rates

It is the Firm's policy to select the Broker/Counterparty that charges the lowest commission rate. However, as is specified elsewhere in this policy, cost of transaction is ordinarily not the highest

priority factor and, in some circumstances, will be a low rated factor. Where there is a direct choice of Broker/Counterparty, with other factors being equal, the broker with the lowest commission rate will be used.

By direct extension, where the payment of commission can appropriately (and without client disadvantage) be avoided altogether, it is the Firm's policy to deal accordingly.

Considerations relating to large transactions

Where a transaction is large in comparison to the normal market size for that financial instrument, it is the Firm's policy to use a Broker/Counterparty to manage the execution of the transaction, on the consideration that the Broker/Counterparty will possess the expertise necessary to achieve effective execution of that transaction. In these circumstances, the Firm's priority factor will ordinarily be either the Broker's/Counterparty's ability to complete the transaction successfully, or price. Consequently, the cost of the transaction (in terms of the Broker's/Counterparty's commission) will be attributed a relatively low priority, reflecting the importance of selecting a broker with the requisite expertise.

Considerations relating to speed of transactions

When the price of the contemplated financial instrument is moving rapidly, either as a result of the issue of public information relating specifically to that instrument, or because of wider market movement, speed of execution will be the priority factor. Speedy execution is achieved through either appropriate DMA, if available, or the use of a large Broker/Counterparty capable of achieving rapid and effective execution in the circumstances and with the financial instrument in question. Secondary to speed will be successful execution, followed by cost. The price factor in these circumstances is thus inevitably de-prioritised.

Considerations relating to speed of settlement

Where speed of settlement, as an execution factor, is of material importance, this will be prioritised above cost of transaction and price, although this does not imply that cost and price are irrelevant – merely of lower priority. As a means of procuring speedy settlement, it will normally be necessary either to select an execution venue which provides fast settlement terms as standard or to negotiate with a Broker/Counterparty for special settlement terms. The latter will usually result in the selection of a substantial and well capitalised Broker/Counterparty capable of providing such a service, notwithstanding that they may not be the most cost competitive. In exceptional circumstances, settlement may be delayed and the terms of this will be agreed between the Firm and the relevant Broker/Counterparty at the time of transmission. In these circumstances, the speed of settlement is inevitably de-prioritised.

Considerations relating to geographical location

In the selection of a Broker/Counterparty/venue, geographical location may be a material consideration. Where appropriate, in order to minimise the cost of transaction, it is the Firm's policy to use DMA to which it has access. In practical terms, this will usually only apply in geographical locations where well-developed markets exist. If the financial instrument concerned is obscure, the use of a Broker/Counterparty with known expertise in relation to that instrument and its

geographical location will ordinarily be the preferred means to ensure successful execution and the best price, recognising, however, that the Broker/Counterparty may not be competitive on cost.

In other circumstances, transactions will generally be arranged through a UK-based Broker/Counterparty where the Firm is able to procure competitive commission rates and has reason to believe that the Broker/Counterparty is competent to execute the transaction in question, thus prioritising satisfactory execution, price and cost in that order.

Details of Brokers/Counterparties and venues

As set out above, the selection of a venue/Broker/Counterparty will result from the prioritisation of the execution factors according to the individual transaction. It is acceptable in some circumstances, as explained above, for price and/or cost not to be the highest priority execution factors. However, where the decision is taken that other factors have higher priority in the context of an individual transaction, a record should be made, as part of the transaction record, of that decision and the rationale for it. Price and cost will usually be the highest priorities, subject to the fundamental capacity of that venue/Broker/Counterparty to facilitate the transaction.

The Firm periodically reviews its Broker/Counterparty and venue details, details of such are recorded and retained by the Compliance Officer.

Considerations relating to linked transactions

Special consideration will be required where two or more transactions are linked, i.e. when dealing in a financial instrument and placing a corresponding derivative transaction on the same underlying instrument. In these circumstances, the Firm's priority is to avoid unnecessary exposure, by combining the transactions and placing them with a single Broker/Counterparty. In so doing, the likelihood of successful combined execution will be prioritised, as should the price for the corresponding derivative element and overall cost. However, for the primary transaction, the Firm will prioritise price, which must match on both transactions, and speed, which is required in order to prevent the risk that price movement might remove the scope for the required matching. The Firm will, however, de-prioritise costs, which may not be competitive if looked at in isolation, or which otherwise may not result in a successful hedge or offsetting position.

Considerations relating to collective investment schemes

If the Firm transacts for clients in the shares/units of collective investment schemes, it is the Firm's policy, where available, to place those orders for execution on that fund's secondary market. By doing this, the Firm believes that it is able to obtain for its clients the best available price in the shares/units of that fund at that point in time. Where the Firm is unable to obtain execution of the transaction through a broker on a timely basis it will consider all reasonably accessible alternatives, including specifically placing the order directly with the operator of the fund.

Client consent

The Firm must obtain the prior consent of each client to its Order Execution Policy. Additionally, before the Firm is permitted to execute transactions on behalf of clients outside a regulated market or on a Multilateral Trading Facility ("MTF"), it must receive from clients their prior express consent.

Changes to this OEP

Should the Firm amend this OEP materially, it is the responsibility of the Compliance Officer to ensure that clients are notified of that change. A material change is one about which disclosure is necessary to enable the client to make an informed decision about whether to continue utilising the Firm's services. Immaterial changes do not need to be notified to clients.

Client instructions

As set out above, in the event that specific instructions are received from a client in respect of the execution of a transaction, the Firm satisfies its best execution obligation by following those specific instructions. The Firm must not induce a client to give specific instructions in order to remove the need for it to provide best execution.

Evidence of Best Execution

The Firm must be able to demonstrate to its clients, at their request, that it has executed transactions in accordance with this OEP. It is therefore essential that transaction records provide adequate details for this purpose.

Monitoring and review of execution arrangements and policy

To ensure that this OEP remains appropriate and in line with requirements, the Compliance Officer will ensure that it is reviewed annually by the Governing Body of the Firm. A review will also be undertaken in the event of a change of circumstances which may affect the Firm's ability to achieve best execution.

This review will include the following:

- A review of available execution venues to confirm that the venues continue to be appropriate for consideration in achieving best overall results on execution of orders; and
- A review of access providers to determine whether they continue to provide access on appropriate terms. Each provider will be assessed and those falling below the necessary standard will be required to improve their performance or cease to be used by the Firm.

The dates and details of any changes to the OEP, execution venues or Brokers/Counterparties will be documented by the Compliance Officer.

The Firm will undertake periodic compliance monitoring to determine whether transactions have been conducted in accordance with the policy.

Répartition des flux

2018 :

Class of Instrument	Bonds				
Notification if < 1 average trade per business day in the previous year	N				
TOP 5 EXECUTION VENUES RANKED IN TERMS OF TRADING VOLUMES (Descending Order)	Proportion of Volume traded as a % of total in that asset class	Proportion of Orders executed as a % of total in that asset class	TOP 5 EXECUTION VENUES RANKED IN TERMS OF TRADING VOLUMES (Descending Order)	Proportion of Orders executed as a % of total in that asset class	Proportion of Orders executed as a % of total in that asset class
Credit Suisse Securities (Europe) Limited	22.65%	18.97%	N/A	N/A	N/A
OCTO Finance SA	16.71%	15.52%	N/A	N/A	N/A
SOCIETE GENERALE	5.56%	6.90%	N/A	N/A	N/A
BANCA ZARATTINI & CI SA	2.14%	1.72%	N/A	N/A	N/A
BANCO SANTANDER	1.64%	3.45%	N/A	N/A	N/A

Class of Instrument	Equity				
Notification if < 1 average trade per business day in the previous year	N				
TOP 5 EXECUTION VENUES RANKED IN TERMS OF TRADING VOLUMES (Descending Order)	Proportion of Volume traded as a % of total in that asset class	Proportion of Orders executed as a % of total in that asset class	Proportion of Orders executed as a % of total in that asset class	Proportion of Orders executed as a % of total in that asset class	Proportion of Orders executed as a % of total in that asset class
Interactive Brokers	100.00%	100.000%	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A

2019 :

Class of Instrument	Bonds				
Notification if < 1 average trade per business day in the previous year	N				
TOP 5 EXECUTION VENUES RANKED IN TERMS OF TRADING VOLUMES (Descending Order)	Proportion of Volume traded as a % of total in that asset class	Proportion of Orders executed as a % of total in that asset class	TOP 5 EXECUTION VENUES RANKED IN TERMS OF TRADING VOLUMES (Descending Order)	Proportion of Orders executed as a % of total in that asset class	Proportion of Orders executed as a % of total in that asset class
OCTO FINANCE SA	27.85%	30.28%	N/A	N/A	N/A
UNICREDIT	7.49%	2.91%	N/A	N/A	N/A
SOCIETE GENERALE PARIS	4.22%	3.67%	N/A	N/A	N/A
CARAX	3.78%	5.50%	N/A	N/A	N/A
BRIDGEPORT & CIE SA	2.98%	3.21%	N/A	N/A	N/A

Class of Instrument	Equity				
Notification if < 1 average trade per business day in the previous year	N				
TOP 5 EXECUTION VENUES RANKED IN TERMS OF TRADING VOLUMES (Descending Order)	Proportion of Volume traded as a % of total in that asset class	Proportion of Orders executed as a % of total in that asset class	Proportion of Orders executed as a % of total in that asset class	Proportion of Orders executed as a % of total in that asset class	Proportion of Orders executed as a % of total in that asset class
Interactive Brokers	100.00%	100.000%	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A

Class of Instrument	Structured Products				
Notification if < 1 average trade per business day in the previous year	N				
TOP 5 EXECUTION VENUES RANKED IN TERMS OF TRADING VOLUMES (Descending Order)	Proportion of Volume traded as a % of total in that asset class	Proportion of Orders executed as a % of total in that asset class	Proportion of Orders executed as a % of total in that asset class	Proportion of Orders executed as a % of total in that asset class	Proportion of Orders executed as a % of total in that asset class
Barclays	47.37%	40.000%	N/A	N/A	N/A
Société Générale	21.05%	20.000%	N/A	N/A	N/A
Morgan Stanley	15.79%	20.000%	N/A	N/A	N/A
Natixis	15.79%	20.000%	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A

2020 :

Class of Instrument	Bonds				
Notification if < 1 average trade per business day in the previous year	N				
TOP 5 EXECUTION VENUES RANKED IN TERMS OF TRADING VOLUMES (Descending Order)	Proportion of Volume traded as a % of total in that asset class	Proportion of Orders executed as a % of total in that asset class	TOP 5 EXECUTION VENUES RANKED IN TERMS OF TRADING VOLUMES (Descending Order)	Proportion of Orders executed as a % of total in that asset class	Proportion of Orders executed as a % of total in that asset class
OCTO FINANCE SA	15.32%	15.10%	N/A	N/A	N/A
CARAX	11.98%	10.46%	N/A	N/A	N/A
JP Morgan	7.84%	8.80%	N/A	N/A	N/A
Societe Generale Paris	6.11%	5.95%	N/A	N/A	N/A
Credit Suisse Securities (Europe) Limited	3.80%	4.88%	N/A	N/A	N/A

Class of Instrument	Structured Products				
Notification if < 1 average trade per business day in the previous year	N				
TOP 5 EXECUTION VENUES RANKED IN TERMS OF TRADING VOLUMES (Descending Order)	Proportion of Volume traded as a % of total in that asset class	Proportion of Orders executed as a % of total in that asset class	Proportion of Orders executed as a % of total in that asset class	Proportion of Orders executed as a % of total in that asset class	Proportion of Orders executed as a % of total in that asset class
CFM Indosuez	50.00%	50.000%	N/A	N/A	N/A
Société Générale	22.22%	16.667%	N/A	N/A	N/A
Morgan Stanley	16.67%	16.667%	N/A	N/A	N/A
Atlantic Derivatives	11.11%	16.667%	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A