

## BROKERAGE BEST EXECUTION POLICY

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### 1. INTRODCUTION

This Best Execution Policy and Supervisory Procedures describe compliance policies and procedures that apply to EFG Hermes employees engaged in Equities trading and sales activities for the Brokerage businesses. All employees who handle customer orders have an obligation to ensure best execution for those customers.

Questions about applicability or interpretation should be directed to the Compliance Departments.

### 2. PURPOSE

The principles of best execution sets out the methods used to execute client orders on the most favorable trading terms for the client available under the circumstances.

The purpose of the **best execution reviews** is to determine whether any issues in execution quality exist and, if so, modify execution practices and/or routing arrangements (or justify not modifying existing arrangements).

EFG Hermes randomly reviews statistical data regarding:

- “Held” market and limit orders for equity securities;
- “Not-held” orders and orders with special pricing (i.e., orders executed according to a benchmark strategy such as Volume-Weighted Average Price (“VWAP”));
- Block-sized orders

When EFG Hermes Securities Brokerage receives orders from clients for securities listed on domestic financial instruments exchanges and where no instruction is given from them as to how their orders should be executed, EFG Hermes will endeavor to execute such orders in accordance with the principle described below.

### 3. FACTORS CONSIDERED IN BEST EXECUTION

Taking into account the character of the market for the security, the size and type of transaction, the number of primary markets available, and the location, accessibility and relative cost of markets and other quotation services, the reviews incorporate such factors as:

- Speed of execution;
- Character of the market for a security (e.g. price, volatility, and relative liquidity);
- Price of the execution
- Material differences in execution quality, including price improvement opportunities;
- Size of price improvement;
- Number of market checked;
- Effective spread/quotes spread to the customer;
- The likelihood of execution of limit orders; and
- Terms and conditions of the order.
- Size of order
- Any impact the order, when & if published may have on the market price.

The best execution obligation is the obligation to execute orders by taking into account not just the price, but the cost, speed, certainty of execution and other various factors in a comprehensive manner.

Therefore, an execution that in hindsight was found not to have achieved the best price does not necessarily constitute a breach of the best execution obligation.

4. BEST EXECUTION METHODS & RATIONAL

- 1) Listed Equities
  - I. If EFG HERMES receives client instructions as to how to execute agency orders, we will execute the agency orders in accordance with such instructions. If EFG HERMES does not receive such instructions, we will promptly forward the agency orders to a financial instruments exchange selected by it pursuant to the provisions of a).II. below.
  - II. For the purpose of (I), agency orders will be forwarded to financial instruments exchanges in the following manner.
    - A. If the security is listed on one financial instruments exchange (single listing), the order is forwarded to such financial instruments exchange
    - B. If the security is listed on two or more financial instruments exchanges (multiple listing), in principle, the order is forwarded to a financial instruments exchange selected based on the trading volume and other factors for a certain period of time.
    - C. If EFG HERMES is not a trading participant or member of the financial instruments exchange selected pursuant to (A) or (B), EFG will forward the order to such financial instruments exchange through a trading participant or member of such financial instruments exchange with whom EFG has entered into an agreement regarding the forwarding of orders to such financial instruments exchange.
- 2) Nevertheless the methods described in 1) above, if EFG HERMES does not receive from clients instructions as to how to execute agency orders, EFG will execute as per the following conditions when the orders come from Investors.
  - I. EFG may execute all or part of the agency orders through cross-trading with orders from other clients or those for its own account, on or off any financial instruments exchange, if it is deemed to be the best execution for the clients, taking into consideration all factors available to it at the time of execution, including but without limitation, prices, liquidity, and quickness of execution; provided, further, that EFG may forward the agency orders to a proprietary trading system if it is deemed the best execution for the clients.
  - II. If the condition described in 1).II. above applies, EFG may execute on any financial instruments exchanges where EFG determines, based on the trading volume and other factors related to the security during a given period of time that there is no substantial difference in liquidity among the financial instruments exchanges, and where the trading volume on a particular financial instruments exchange is expected to be larger than usual due to listed futures and options expirations, inclusion of the security in any index, or other reasons. In such a case, the order is forwarded to a financial instruments exchange selected by EFG taking into account the liquidity and expected market impact of the order. EFG HERMES will provide detailed information about its selection to clients who inquire.
- 3) The reasons for selecting this method
  - a) Listed Equities
    - i. When investor demand is concentrated on financial instruments exchanges and trading thereon is considered better than off-exchange trading in terms of liquidity, likelihood of execution, trading speed, etc. in many cases. Therefore, EFG will forward orders to financial instruments exchanges, because it believes that executing client orders on financial instruments exchanges is the most reasonable method for the clients.
    - ii. For securities listed on two or more financial instrument exchanges, EFG believes that executing client orders on the securities exchange with the highest liquidity is the most reasonable method for the clients.
    - iii. Nevertheless the foregoing, if EFG determines it will be able to execute client orders in better conditions through cross-trading with orders from other clients or those for its own account, or through a Trading System, than by forwarding them to a financial instruments exchange, EFG will endeavor to achieve the best execution by adopting an appropriate method when the order comes from professional investor.
  - 4) Other
    - a) Apart from the methods described in 2. above, trades whose execution method is specified by the general trading terms and conditions, including, but without limitation, cumulative stock investments and mini stock investments. **The execution method specified by the general trading terms and conditions, etc.**
    - b) Due to systems failures or other unavoidable reasons, EFG may execute orders in a method that differs from the method selected pursuant to the Principles of Best Execution. Even in such a case, however, EFG will endeavor to execute orders on the best terms available at the time of execution.

