

BEST EXECUTION POLICY



September 2023

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I. Purpose and Scope

This execution policy outlines the execution policy that NS Partners Ltd (NSP) follows on behalf of all its clients, in accordance with the UK Financial Conduct Authority rules incorporating MiFIR and MiFID II, to ensure that it gets the best possible results for its clients.

NS Partners has a duty to deal fairly, honestly, and in good faith with clients and an obligation to take all sufficient steps to achieve Best Execution.

Best Execution in the context of executing trading decisions means taking all sufficient steps to achieve the best possible result for clients taking into account execution factors such as price, speed, implicit and explicit costs, size, likelihood of execution and settlement, liquidity and the order characteristics. NS Partners' Best Execution policy establishes a process for implementing trading decisions and quantitatively analysing results.

II. NS Partners Trading Objectives

NS Partners is a fundamental investor, generally holding stocks for around two years.. If a decision has been made to buy or sell a stock, NS Partners' main objective is swift execution at the best price, lowest cost and minimal market impact. It is not to add significant value through trading strategies. The excess return on NS Partners' portfolios will be driven by the quality of the investment process and management team not by trade execution strategies.

NS Partners trade execution process was designed with reference to the following principles:

- *Simple*: easy to understand and easy to follow.
- *Consistent*: similar situations should be dealt with in a similar fashion.
- *Practical*: balance need for controls with the need to execute trades in a timely manner.
- *Efficient*: maintain reasonable operational cost.
- *Transparent (audit trail)*: a full order history trail is available in Charles River,
- *Fair*: allocation to clients should be fair.
- *Accurate (limits errors)*: mitigate the risk of trading and allocation errors.
- *Properly authorized*: all trades are subject to dual authorisation within the Charles River trade order management system.

III. NS Partners Trading Activities

NS Partners will generally execute trades for two reasons, the first being trades generated by cash flows and the second being trades as a result of investment decisions.

Cash Flow Trades:

The account manager or back-up account manager will manage the trade.

The timing of the trade will be governed by client requirements or in the case of a commingled fund, by the point at which the flow will impact the NAV. The size of the trade will influence the choice of trading strategy.

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Also, any previously signalled sell investment decisions will be taken into consideration, *i.e.* trading may not be pro-rated across the portfolio.

As a general principle, for redemptions, client assets will be kept in the market for the maximum possible time. However, the account manager has freedom to decide if market or individual equities movement should override this requirement.

Trades are managed and implemented by the account manager with the aim of swift execution at the best price, lowest cost and minimal market impact.

Investment Decision Trades:

The regional manager who recommended the investment decision takes responsibility for the trade. The regional manager will take into account the liquidity of the stock and establish a trading strategy with the broker that they select to execute the trade. Tactics such as volume limits, price limits, funding source requirements (contingent sales), targeting of volume weighted average price will be managed by the regional manager. Trades are managed and implemented by the regional manager with the aim of swift execution at the best price, lowest cost and minimal market impact. NS Partners maintains a choice of venues and entities which support the potential to obtain the best possible results for trade execution on a consistent basis.

NS Partners has an approved list of brokers which is subject to an approval process, which would generally incorporate appropriate regulatory checks, commission levels and a review of relevant documentation including their best execution policy. NS Partners does not have any affiliated broker relationships.

IV. Measurement

NS Partners with the assistance of the LiquidMetrix Transaction Cost Analysis system monitors the effectiveness of the policy and its ability to achieve best execution.

For trades that occur over multiple days, this analysis should be undertaken for each day, rather than over the multi-day period.

On a quarterly basis, the Best Execution Committee, will review the Liquidmetrix analysis. Outliers and patterns of underperformance will be discussed with the relevant account manager, regional manager, or CIO as appropriate and action taken where necessary.

Annual review

MiFID II requires that investment firms do not take any remuneration, discount or non-monetary benefit from routing client orders to a particular trading venue or execution venue. These actions would infringe our Conflicts of Interest, Inducements and Gifts policies and are therefore monitored accordingly.

The best execution policy and approved broker list is subject to an annual review which incorporates the inclusion of additional execution entities or venues, the removal of any existing execution entities or venues as appropriate and any realignment of the best execution factors.

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Research

A research budget is set annually for the purpose of paying for third party research. This will not be linked to the volume and/or value of transactions executed on behalf of the clients. Trade executions will reflect an unbundled client research charge alongside a transaction charge from a selected number of our Authorised Brokers, with the research element collected through a 'Research Charge Collection Account' (RCCA) and held to the order of NS Partners. Monies from the RCCA's will feed into a 'Research Payment Account' (RPA) through which, budgeted research costs will be paid.

Directed Trades

In general, NS Partners has full discretion on choice of entity or broker with whom to trade. However, should a client issue direction on choice of entity or broker, any such trades would not be subject to our best execution policy.

Authorised Broker List

BCS Prime Brokerage Limited
Bernstein Autonomous LLP (RCCA)
BNP Paribas Financial Markets SNC (RCCA)
China International Capital Corporation (UK) Limited
CLSA (UK) (RCCA)
Daiwa Capital Markets Europe Limited
HSBC Bank Plc
Jefferies International Ltd (RCCA)
J.P. Morgan Securities Plc (RCCA)
Maybank Securities Pte Ltd
Merrill Lynch International (RCCA)
Royal Bank of Canada (FX)
SinoPac Securities (Europe) Limited
Wood & Company Financial Services