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# Global Order Management and Execution Policy

August 2022

## 1. Purpose

This document sets out GAM's best execution and order management obligations arising within the scope of its investment activities, covering all financial instruments. It sets out the arrangements by which GAM will act to allocate and execute these investment opportunities and resulting transactions, in a fair and equitable manner, while adhering to any client specific restrictions, instructions or guidelines and to prevent and manage conflicts of interest, to include taking sufficient steps to consistently obtain the best possible result for its clients. Failure to have appropriate monitoring in place to oversee such obligations could result in significant damage to GAM's customers, financial loss and/or significant reputational, regulatory or litigation risk for GAM.

GAM defines best execution as follows: a determination of facts and circumstances that it takes all sufficient steps to obtain the best possible result in the execution of an order for a client considering price, costs, speed, likelihood of execution, size and the nature of the order and any other relevant considerations, when executing client orders. The factors detailed will form the foundation for GAM providing best execution to its clients.

## 2. Scope

The Global Order Management and Execution Policy (the "Policy") applies to GAM Holding AG and each of its subsidiaries (referred to collectively as "GAM"). This Policy applies to all GAM staff who instruct, authorise and execute any client or fund orders that arise in relation to portfolio management and fund management activities, across all instruments in scope for best execution.

The Policy specifies the execution principles to be used by GAM to implement trading decisions in order to achieve the best execution for investors and clients. The scope includes where in-house delegated trading arrangements are in place. In order to ensure the best possible execution in relation to external delegated investment management arrangements, oversight is managed in accordance with GAM's Investment Management Oversight Framework.

## 3. Regulatory Requirements

GAM has regulatory and legal obligations to obtain the best possible result for all GAM client orders and to monitor and review the effectiveness of those arrangements.

GAM currently undertakes or delegates investment management and execution activities in the United Kingdom, Switzerland, Italy, the United States of America and Hong Kong. It also undertakes delegated investment management and execution activities on behalf of UCITS management companies in Luxembourg and Ireland. Relevant regulatory sources applicable in these regions are set out below:

### UK

Conduct of Business Sourcebook (COBS 11 – Dealing and Managing)

<https://www.handbook.fca.org.uk/handbook/COBS/11/?view=chapter>

<https://www.handbook.fca.org.uk/handbook/COBS/11/2A.html>

### EU

MiFID II Directive 2014/65/EU

<https://eurlex.europa.eu/legalcontent/EN/TXT/HTML/?uri=CELEX:32014L0065&from=en>

MiFID Organisational Regulation – Delegated Regulation 2017/565

<https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32017R0565&from=EN>  
RTS28

[https://ec.europa.eu/finance/securities/docs/isd/mifid/rts/160608-rts-28\\_en.pdf](https://ec.europa.eu/finance/securities/docs/isd/mifid/rts/160608-rts-28_en.pdf)

### Switzerland

Financial Services Act (FINSA), or Finanzdienstleistungsgesetz (FIDLEG)

<https://www.fedlex.admin.ch/eli/cc/2019/758/en>

Financial Services Ordinance (FINSO), or Finanzdienstleistungsverordnung (FIDLEV)

<https://www.fedlex.admin.ch/eli/cc/2019/759/en>

### USA

Investment Advisers Act of 1940 - <https://www.govinfo.gov/content/pkg/COMPS-1878/pdf/COMPS-1878.pdf>

Securities Exchange Act of 1934 - <https://www.nyse.com/publicdocs/nyse/regulation/nyse/sea34.pdf> (s.28e - Soft Dollar arrangements)

General Information on the Regulation of Investment Adviser

<https://www.sec.gov/divisions/investment/iaregulation/memoia.htm>

### Hong Kong

SFC Fund Manager Code of Conduct 2018

<https://www.sfc.hk/-/media/EN/assets/components/codes/files-current/web/codes/fund-manager-code-of-conduct/fund-manager-code-of-conduct.pdf>

SFC Code of Conduct for Persons Licensed by or registered with the SFC 2020

[https://www.sfc.hk/-/media/EN/assets/components/codes/files-current/web/codes/code-of-conduct-for-persons-licensed-by-or-registered-with-the-securities-and-futures-commission/Code\\_of\\_conduct-Dec-2020\\_Eng.pdf](https://www.sfc.hk/-/media/EN/assets/components/codes/files-current/web/codes/code-of-conduct-for-persons-licensed-by-or-registered-with-the-securities-and-futures-commission/Code_of_conduct-Dec-2020_Eng.pdf)

GAM has no appetite for activities that are illegal, or activities that could undermine the trust of its internal and external stakeholders, clients and regulators.

## 4. Policy requirements

### 4.1 Introduction

This Policy sets out the arrangements that GAM has in place to monitor the effectiveness of its order management and execution processes. The Policy takes into consideration guidance and regulations defined in Section 3.

### 4.2 Order Allocation

Where the same investment manager manages more than one client (often referred to as *pari passu* or side-by-side management), it is GAM's policy to prevent preferential treatment for a particular client and to allocate investment opportunities fairly among clients over time. This Policy outlines the general standards and principles that are to be applied in order to achieve fair allocation.

#### 4.2.1 Pre-trade order allocation

All orders must be allocated on a pre-trade basis. Clients invested in a specific strategy would be expected to participate in the investment decisions made by the responsible investment manager, unless respective client restrictions or portfolio specific reasons preclude it. Any exception to this must be clearly documented with justification, in an appropriately secure location.

In certain circumstances there may be an opportunity to cross certain securities between clients. In such circumstances, the Global Cross Trade Procedure will be followed.

GAM does not currently manage its own capital alongside client portfolios, but from time to time it may invest its own capital as seed investment for a new fund. Where this is the case the requirements of this Policy will be followed and orders involving GAM capital will not be executed to the disadvantage of client portfolios. GAM will not aggregate house capital orders with client portfolio orders unless this would not disadvantage clients.

#### 4.2.2 Post-trade allocation

Where client orders for the same investment decision or opportunity have been partially executed, the executed amount on a given day must be allocated on a pro-rata basis across all participating client orders. There is no de minimis for allocated amounts other than for round or odd lot amounts on equities or denominations and increments for bonds. Where these circumstances apply, an automated process is followed to fairly allocate residual amounts.

Any exception to this approach must be approved by the Global Head of Investment Platform and Compliance.

#### 4.2.3 New Issue and IPOs

Where the investment opportunity involves the participation in a new issue, an IPO, any secondary issues or offerings, or an accelerated book build the process for managing indications of interest and allocations fairly and in the interests of clients is managed by the Central Trading Desk. The Global New Issue and IPO Procedure will be followed to ensure appropriate management of these types of investment opportunities on both a pre-trade and post-trade allocation basis.

##### *Engagement with the issuer and deal arranger pre-deal*

Investment managers may be invited to engage with an issuer and/or deal arranger in 'inside' non-public information (i.e., wall crossed). An investment manager can only accept to be wall crossed after prior approval from Compliance unless the wall crossing was inadvertent. Information pertaining to the deal prior to it becoming public, including any interest in subscribing, must not be shared or communicated. Investment managers are also permitted to publicly engage with the issuer and/or deal arranger(s). All engagement activity must be in accordance with the Group Market Abuse Prevention Policy.

Investment managers must not disclose their interest or views on price level to other parties other than the corporate or deal arranger.

##### *Publication of Indications of Interest*

In the normal course of events Indications of Interest will not be shared externally, in order to avoid possible concerns around misleading markets and in connection with fair competition requirements. If any employee is approached by a company or broker and asked for permission to share such information externally as part of an IPO offering the team is required to contact the Legal and Compliance Departments prior to publication.

##### *Subscribing to a deal*

Any subscription should be determined on the expectation that 100% of the subscription will be allocated, and therefore over-subscribing is not permitted. The size of the subscription order should be in keeping with the overall strategy and risk profile and investment guidelines for each respective account. The investment rationale for a subscription should be appropriately documented and stored for record keeping.

### 4.3 Order Execution

GAM will seek to ensure that the best outcomes are obtained for its clients on a consistent basis both when transmitting orders to third parties for execution and when executing client orders.

#### 4.3.1 Direct and indirect execution

The nature of the best execution obligations differs depending on whether GAM is executing orders directly on a venue, or whether these orders are being transmitted to third parties (i.e. brokers) for execution.

Direct execution includes situations where GAM interacts directly with counterparties to the trade, and covers situations where GAM places an order directly with an Execution Venue or counterparty acting as principal.

When executing indirectly, GAM will rely on the best execution policy of that broker where required. Nonetheless, GAM will review all trade results to ensure best execution criteria have been met.

#### 4.3.2 Execution factors

In order to achieve the best result for its clients, GAM considers the following factors when executing client orders.

- **Price** – at which a transaction is executed. Where the price has varied across multiple executions to complete the order, the weighted average price is used.
- **Costs** – explicit external costs such as brokerage, exchange or clearing fees, as well as implicit costs such as spreads and slippage from a market reference price.
- **Speed** – the amount of time that elapses between the order being authorised and the successful execution of that order
- **Likelihood of execution** – the ability of GAM to complete a client order.
- **Size** – the size of the transaction executed for a client, accounting for impacts to the price of execution.
- **Nature of the order and any other relevant considerations** – covers any other factor not listed in the regulations that firms may wish to prioritise to achieve the best result for its clients.

#### 4.3.3 Execution criteria

When executing a client order GAM also takes into account various execution criteria, typically by considering the following:

- **The client** – Whether client classification obligations or instructions require specific treatment for certain orders.
- **The client order** – type of client, size and urgency of the order.
- **The financial instrument** – Intrinsic differences in the behaviour and attributes of different financial instruments.
- **The execution venues and brokers** – where the client order can be directed and executed.

#### 4.3.4 Execution venues

GAM selects execution venues that allow it to consistently obtain the best possible result in the execution of client orders. The information contained within this section outlines how GAM selects the appropriate method of execution for its clients.

Currently GAM may use one or more of the following types of execution venue when executing orders:

- Regulated Markets
- Other exchanges that are not Regulated Markets
- Multilateral Trading Facilities (“MTFs”)
- Organised Trading Facilities (“OTFs”)
- Swap Execution Facilities (“SEFs”)
- Systematic Internalisers (“SIs”)
- Third party investment firms or affiliates acting as liquidity providers, and/or non-EU entities performing similar functions
- GAM also places and transmits orders for execution using brokers

All asset classes can be executed on the relevant execution venues listed above, except for OTFs, where only non-equity instruments can be executed.

GAM’s policy is to avoid relying on a single execution venue or broker for executing any class of financial instrument traded wherever possible. The only exception to this will be when it is in the client’s best interest for a single venue or broker to be used for execution, for example, with a client’s custodian.

All new and existing brokers and venues are subject to regular review and due diligence in accordance with GAM’s Global Broker and Venue Management Policy. The following factors are considered by GAM where specific instruction has not been provided by a client as to where they would like an order to be executed:

- Regulatory status
- Services provided e.g. program trading, prime brokerage
- Size
- Creditworthiness
- General reputation in relation to the market or securities that we wish to trade
- Clearing and settlement capabilities
- Connectivity (i.e., ability to submit trades electronically versus over the phone)
- Availability and effectiveness of algorithms
- Level and structure of fees and charges
- Any other relevant considerations, such as the ability to assist GAM in fulfilling regulatory requirements such as EMIR transaction reporting

The quality or volume of research provided by brokers will not be a factor in the selection of that broker for trade execution. The provision of material non-monetary benefits unrelated to execution will also not form part of the analysis in accordance with GAM’s separate Global Payment for Investment Research Policy.

The top five execution venues and top five brokers (by volume of transactions executed or placed) are readily available, by instrument class, on the GAM website. A list of the execution venues and brokers on which GAM places reliance in meeting its obligation to take all sufficient steps to consistently obtain the best possible result for the execution of client orders is appended to this Policy.

#### **4.4 The Execution Process**

GAM operates a system enforced segregation of duties between the investment manager and the execution process, wherever possible. Any exception to this must be approved by the Global Head of Investment Platform, Global Head of Investments and Compliance.

#### 4.4.1 Prioritisation of the execution factors

GAM takes into consideration for all clients, execution factors and criteria, as detailed earlier in this Policy.

In relation to costs GAM considers total cost to the client in providing best execution. This may include GAM's own costs, to the extent that they are passed on to the client, which means that in most cases GAM will select the execution method, venue or broker that minimises the costs passed on to the client. The exception to this is where the client's arrangements preclude this for example where orders must be executed with the client's custodian.

The highest priority factor is to obtain the best result for the client in terms of the total consideration for the order defined as the total price obtained minus any costs or fees. In most situations this will be determined predominantly by the price achieved, although where the price offered by two or more brokers or execution venues are identical or within a narrow range, or cannot be reliably determined in advance, then the one with the lowest overall cost of execution will be chosen. This analysis will include any implicit costs and market impact.

Where GAM considers that it is able to take steps to reduce the costs of execution, and therefore improve the total consideration for the order as defined above, then it will do so.

#### 4.4.2 Pre-trade analysis

GAM will undertake pre-trade analysis to evaluate the most efficient and cost-effective method of executing any given order. This process includes the use of specific tools and reference data sources (e.g. broker runs, trade reporting and benchmarks) and brokers' 'indications of interest' (also referred to as 'axes'). Request for quotes will be used as a final step prior to execution on non-listed instruments. For listed instruments, this also involves assessing the average daily traded volume within the market, along with recent price movements for the relevant security.

#### 4.4.3 Placing of orders to brokers

GAM can transmit orders to venues and brokers in the following ways:

- Recorded Telephone
- Company Email
- Bloomberg Chat
- FIX connection
- Fax (in exceptional circumstances or where the broker cannot accept any other method)

GAM can transmit orders to its brokers using an electronic order entry and transmission facility that transmits the order to the broker and allows the broker to 'work an order' on our behalf within the market.

#### 4.4.4 Algorithmic trading

GAM may use brokers' algorithms via its Execution Management Systems (EMS) and counterparty platforms. The algorithms selected will be chosen and used in accordance with this Policy to efficiently manage specific execution strategies to achieve the best outcome on an order. GAM does not engage in High Frequency Trading.

## 4.5 Client Order Handling

GAM handles client orders promptly and fairly. Clients will be notified of any material deviations from their order as soon as possible.

When carrying out execution for more than one client, GAM may combine orders where it is in the best interests of its clients and in consideration of its obligations to best execution. Where such aggregation takes place and the order is partially executed, it will be allocated in line with GAM's allocation procedures. Where orders are aggregated, GAM will ascertain whether the execution strategy for each client is sufficiently similar that they can be merged without compromising best execution for each client, taking into consideration any limits or specific instructions on the order.

In accordance with regulatory requirements, all client orders are promptly and accurately recorded in GAM's order management systems.

### 4.5.1 Direct execution on a trading venue

GAM has direct access to a number of trading venues, as set out in the Appendix 1 of this Policy, through Direct Electronic Access (DEA) or Direct Market Access (DMA) arrangements with counterparties. The venue will be selected from this list based on GAM's assessment of the execution criteria in relation to the order, and in accordance with its prioritisation of the execution factors. Where there is only one venue available for execution of the order, GAM will only use that single venue to fill the order.

### 4.5.2 Direct execution with counterparties

GAM may execute Over the Counter ("OTC") orders directly with an appropriate counterparty without going through a broker. Counterparties will be assessed according to their credit rating, liquidity provision, prices quoted, their settlement and clearing arrangements and any other specialist service related to the instrument and nature of the order. Credit monitoring is undertaken by Risk.

### 4.5.3 Cross Trades

Cross trades between clients are undertaken where opportunities arise, in accordance with the principles of Treating Customers Fairly, and only then in certain circumstances. A cross trade relates to a transaction by which an authorised investment professional matches, at the same price and on the same terms, the buy and sell orders of two or more clients, accounts or mandates for whom they are acting as agent when the transaction is in the best interests and consistent with the investment objectives and policies of the accounts involved in the transaction.

All cross trades are subject to written approval (via email) by both the first and second lines of defence prior to execution. Cross trades may only be undertaken between client accounts (including between different sub-funds of an umbrella fund or "sleeves" of an investment vehicle with separate valuations and investors) where such actions are;

(i) expressly permitted by the client or prospectus (approvals obtained, where applicable) and otherwise compliant with the clients' or prospectus' restrictions;

(ii) in the best interests of all parties; and

(iii) transacted on an arm's length basis at fair value, with an approved external counterparty or via an approved venue

GAM does not undertake internal cross trades or transactions between its proprietary account or the account of related persons and client accounts, unless in exceptional circumstances and following review and approval by the Group Conflicts of Interest Committee. Under no circumstances may client accounts be used to provide improper liquidity support to another client or GAM.

#### 4.5.3.1 Requirements for US clients

Under US regulation, certain requirements must be met where a client is either a mutual fund registered with the U.S. Securities and Exchange Commission (SEC) or is considered an ERISA account (voluntary private pension or health plan which has minimum standards defined by the Employee Retirement Income Security Act).

**It should be noted that cross trades involving ERISA accounts are not permitted unless an exemption is available for the transaction.**

There are additional requirements under the US Investment Company Act of 1940 in relation to SEC registered mutual funds. Investment managers must contact Compliance if a cross trade is proposed to ensure adherence to SEC Rule 17a-7.

#### 4.5.3.2 Exclusions

Pre-approval requirements do not apply in the following circumstances:

- Circumstances where orders have already been independently authorised for different clients as a result of separate investment decisions or within the same account due to the risk factor signals of the strategy, and the trader(s) responsible for execution deem that netting the orders will achieve best execution for all clients involved, notwithstanding any client restrictions that would preclude this.
- Where listed or OTC instruments are sent to the Centralised Trading Desk for execution, the trader may ask a broker to cross any buy and sell orders for GAM clients in order to reduce market impact and transaction costs, undertaken at arm's length and at observable market prices. In instances where a natural cross is not possible due to the availability of limited independent prices, Compliance will be consulted. Best execution obligations still apply.
- Rebalancing trades without Investment Manager intervention using static data (weightings) or where the reallocation of existing assets is required due to the respective accounts being run pari-passu and the need to realign ratios after the splits for each account being determined according to NAV against the overall strategy size.

#### 4.5.4 Commissions and Inducements

GAM aims to ensure execution commission rates for listed instruments are typically uniform across brokers and venues, in the same markets for the same types of services, where appropriate. Any agreed exceptions to this are based on specific circumstances that relate to the investment strategy and therefore the nature of certain client orders. GAM takes into consideration the different execution commissions when selecting an execution strategy and when selecting brokers or venues. Commissions will be monitored on an ongoing basis and reviewed at least annually in adherence with GAM's Global Broker and Venue Management Policy.

No inducements are received for transmitting client orders to a particular trading venue or broker as this could be considered a conflict of interest. GAM has in place a Group Conflicts of Interest Policy which:

- identifies the circumstances that constitute or may cause a conflict of interest



- outlines the procedure that GAM will follow to manage such conflicts

Further information can be obtained from the Group Head of Conflicts of Interest and Conduct.

## 5. Organisation, duties and responsibilities

GAM has implemented a governance framework which enables senior management to maintain adequate oversight of order management and execution. All trading at GAM is subject to both first line and second line best execution monitoring.

### 5.1 First line of defence controls

Adherence to this Policy is monitored by the Global Head of Investment Platform. First line of defence controls consists of agreed and implemented procedures which adhere to this Policy. All order management systems contain automated allocation logic, where possible, for post-trade allocation processes.

Investment managers are expected to maintain appropriate documentation and information to support any justification for exceptions to this policy and this is to be made available on request. Investment managers and traders are required to capture in the respective order management system, the required and relevant information against orders and executions to identify order types and any supporting notes relevant to pre-trade or post-trade allocation exceptions.

### 5.2 Second line of defence monitoring

Compliance monitors both pre- and post-trade allocations on an ex-post basis, for exceptions to this Policy, conducting independent monitoring of best execution as part of its risk-based Compliance Monitoring Programme.

All information requested by Compliance as part of any monitoring reviews or to support day-to-day oversight responsibilities is to be made readily available on a timely basis. Where an exception relates to best execution obligations the issue may be further forwarded to the Best Execution Committee.

### 5.3 Trader and broker execution performance review

Trader and broker performance is monitored on a monthly basis by the Global Head of Investment Platform to review trading patterns and decisions of the individual trader, reliance on particular trading strategies, concentration of broker usage and any other performance factors related to broker services. Any issues related to broker performance may require further discussion at the quarterly held Best Execution Committee.

### 5.4 Annual review of brokers and execution venues

GAM will review at least annually the use of and best execution outcomes provided by approved brokers and venues, and will assess their costs, liquidity provision, best execution performance and other relevant factors such as market share. Any proposed changes as a result of this review will be presented to the Global Head of Investment Platform for approval and ratified by the Best Execution Committee in line with GAM's Global Broker and Venue Management Policy.

### 5.5 Benchmark rationale

GAM uses a number of industry standard benchmarks to assess execution outcomes and ensure that it continues to fulfil its best execution obligations to its clients. The relative importance of a given benchmark will vary depending on the nature and characteristics of each order.

## 5.6 Monitoring data quality

GAM has in place appropriate controls to ensure that the underlying data used to monitor trades is complete, secure, accurate, and under the control of GAM or designated third party and contains all necessary attributes to produce the relevant benchmarks and analytics required to monitor best execution. At a minimum, this should include:

- Data governance arrangements for instrument and counterparty/venue data that identifies any exceptions or errors in their use.
- Reconciliation processes of front and back office traded data
- Robust IT controls to ensure that only authorised individuals are allowed to alter data and that this is subject to ongoing oversight

These controls are reviewed on a periodic basis by the second and third lines of defence and enhanced where required.

## 5.7 Client Communications

### 5.7.1 Client consent to GAM's Order Execution and Allocation Policy

GAM will obtain a client's prior consent to this Policy where obligated to do so in certain jurisdictions. When establishing a business relationship, a summary of the policy is normally appended to the client's IMA or Advisory and Execution Agreement, with language in the agreement affirming their consent. GAM treats a client as having consented to this Policy where, subsequent to the receipt by the client of this Statement, we execute for the client an order that is subject to this Policy. Please note that the only duties that GAM owe to clients in respect of best execution are those set out in applicable law and any other duties are expressly excluded.

### 5.7.2 Client consent to executing outside a Trading Venue

Where GAM proposes to directly execute trades outside a trading venue, GAM is also required to obtain a client's prior express consent. In this case, implicit consent to this Policy in its entirety is not sufficient and explicit, written consent is required to execute the client's orders outside of a trading venue. This consent can be obtained either electronically or by way of a physical signature. Dealers will not trade outside of a trading venue without seeking such consent via the Global Head of Investment Platform and the Compliance and Legal teams.

### 5.7.3 Notification of material changes

GAM will review this Policy at least annually, making updates where necessary. Any material changes that are made to the Policy as a result of these reviews will be notified to clients.

Where changes are made, the Best Execution Committee will also consider, as part of their review, whether the changes are material enough to require such notification.

Examples of material changes are likely to be GAM starting to trade a new type of instrument that requires new and different execution arrangements to be put in place, or substantial changes to GAM's existing execution arrangements.

### 5.7.4 Specific client instructions

If GAM receives an order from a client that includes specific instructions in relation to the handling and execution of the order then, subject to legal and regulatory obligations, GAM will execute the client's order in accordance

with these specific instructions. Clients should be informed that they may lose the possible advantage that other non-directing clients derive from aggregation of orders for several clients as a single transaction for the purchase or sale of a particular security. This means that to the extent of the specific instructions, GAM's obligation of best execution will be satisfied by executing the order in accordance with the specific instructions.

Where a specific instruction covers only a portion of an order (for example, as to the choice of venue), and GAM have discretion over the other elements of the order, then GAM will continue to owe an obligation of best execution in respect of the remaining elements of the order that are not covered by the specific instruction.

Investment managers' instructions are recorded on GAM's Order Management Systems along with execution outcomes. Consistency between instructions and their execution will be reviewed as part of the best execution monitoring and oversight activities undertaken by the Global Head of Investment Platform and the Best Execution Committee.

#### 5.7.5 Reporting

In order for GAM to meet its regulatory obligations, for each class of financial instruments the following information will be published:

- the top five execution venues in terms of trading volumes;
- the top five entities (brokers) where orders were placed or transmitted for execution based on trading volumes;
- where GAM executed client orders in the preceding year; and
- information on the quality of execution obtained.

This information will be made available on GAM's website in machine-readable electronic format, in accordance with a set template, and available to download by all clients.

In addition to publishing information on the venues on which client orders are executed and the number/volume of orders executed on each venue, GAM will, for each class of financial instruments publish a summary of the analysis and conclusions drawn from GAM's detailed monitoring of execution quality obtained on the execution venues used during the previous year.

## 6. Policy Review

GAM continuously monitors the effectiveness of this policy and underlying order management and execution arrangements to identify and, where appropriate, enhance its oversight and monitoring processes.

The Global Head of Investment Platform will review and approve any necessary changes to this Policy at least annually and ratified by the Chair (or their approved delegate) of the Best Execution Committee with escalation, where appropriate to the Group Conflicts of Interest Committee. The results of the periodic monitoring of execution quality described above, as well as the periodic broker and venue assessments undertaken will feed into this review. This will allow the Best Execution Committee to assess whether the Policy is being adhered to and whether the Policy itself is sufficient to deliver the best outcome for clients on a consistent basis.

Should GAM's course of business change or there are regulatory developments which would require GAM's monitoring processes to change, these will be communicated to all appropriate staff in a timely manner and reflected in the policy accordingly.

## 6.1 Record Keeping

In order to fulfil its record keeping regulatory obligations, GAM will maintain its clients' records in line with applicable regulatory record keeping requirements. Client records are maintained and readily available if requested by the client.

## 7. Communication and training

All individuals instructing or executing trades and those with oversight of these services will be assessed annually. Training is provided for new joiners as part of their on-boarding and competency assessment. Training will also be provided if regulations change or evolve. Any training will be provided on a risk-based approach and will consider topics that include, but are not limited to recent regulatory developments, best execution related enforcement cases and how to monitor transaction costs.

Should there be any material changes to GAM's business operations or to the best execution regulatory requirements, training will be provided to staff on an ad-hoc basis to ensure compliance.

## 8. Further Information

### 8.1 Associated Documents

- Global Cross Trade Procedure
- Global New Issue and IPO Procedure
- Global Broker and Venue Management Policy
- Group Payment for Investment Research Policy
- Group Conflicts of Interest Policy

### 8.2 For Further Advice

Should you require any further information or guidance please liaise with the Policy owner.

## Document Management

Policy Owner	Effective Date	Review Frequency	Next Review Date
Global Head of Investment Platform	12 August 2022	Annual	12 August 2023

Version	Date	Author	Reason for revision
1.0	23/12/2021	Global Head of Trading	New Policy
1.1	22/03/2022	Head of Investments Business Management/Global Head of Transaction Surveillance	Incorporation of existing global policies – New Issue & IPO and Cross Trades
2.0	12/08/2022	Global Head of Investment Platform	Approval of Policy revision

## Appendix 1

### Financial Instruments and Brokers – data reviewed annual and as at 1<sup>st</sup> January 2022

<b>ASSET CLASS: Shares &amp; Depositary Receipts, Equity Derivatives Admitted to trading on a trading venue, Contracts for difference and Other Instruments</b>		
Arqaam Capital Limited	Finncap	Nomura
Atlantic Equities LLP	FLOWTRADE	Northern Trust
Avior Capital Markets (Pty) Ltd	Gibraltar AM Ltd	Nplus 1 Singer
Banca IMI	Goldman	Numis
Banco BPM Group	Goodbody	Peel Hunt
Bank Julius Baer	Hauck & Aufhauser	Pilling & Company
Banque Pictet & Cie	Hauck and Aufhauser	PKO BP Secs
Barclays	HSBC	Raymond James
Berenberg	Instinet	RBC
Bernstein	Intermont	Renaissance Capital
BNP Paribas	Intesa	Rothschild & Co Bank
BofA Merrill Lynch	Investec	Santander
Bradesco Secs	ITAU BBA Secs	Skandia
Cantor Fitzgerald and Co Inc	Jefferies International Limited	SMBC NIKKO
Carnegie Investment Bank AB	JP Morgan Securities PLC	Societe Generale
Centos Secs	Kepler Cheuvreux	Statestreet
CICC HK	Landesbank	Stifel Nicolaus
CIMB	Liberum	UBS
Citigroup	Liquidnet	Unicredit
CLSA	Lombard	VIET Capital Secs
Cowen	Macquarie	Virtu Financial
Credit Suisse	Mainfirst Bank	VTB Capital
Daiwa Secs	Maybank	Wells Fargo
Davy Stockbrokers	Mirabaud	Winterflood
Deutsche Bank	Morgan Stanley	Wood and Co
DZ Bank	MUFG	ZKB
Edelweiss Secs	Multrees	

<b>ASSET CLASS: Bonds, Swaps, forwards, and other interest rates derivatives, Futures and options admitted to trading on a trading venue, Credit derivatives</b>		
Absa Bank	First Abu Dhabi Bank	OP Bank
Amherst	FLOWTRADE	Oppenheimer
ANZ	Goldman	Performance Trust
Banca IMI	Guotai Junan Secs	Pilling & Company
Banco Bilbao	Hilltop	Piper Jaffray

Banco BPM Group	HSBC	Rabobank
BANCOLOMBIA	ICAP	RAIFFEISEN
Bank Julius Baer	ICBC	Raymond James
Bank of China	Imperial Capital	RBC
Barclays	ING	RBS
Basler	Intesa	Robert W Baird
BAYERISCHE	ITAU BBA Secs	Santander
BBVA	Jane Street	SC Lowy
BCP Securities	Janney	Scotia
Berenberg	Jefferies	Seaport
Bloomberg TSOX	JP Morgan	Skandia
BMO	Kepler Cheuvreux	SKANDINAVISKA
BNP Paribas	Keybanc	SMBC NIKKO
BOCI	Landesbank	Societe Generale
BofA Merrill Lynch	Larrain Vial	Standard Chartered
BONY	Lloyds Bank	Stifel Nicolaus
BREAN CAPITAL	Lombard	TD Secs
Brownstone Inv Group	Mahindra	Toronto-Dominion
Cantor	MarketAxess	TPCG Group
CIBC	Mesirow	Tradeweb
CICC HK	Mizuho	Tullett Prebon
CITIC	Morgan Stanley	UBS
Citigroup	MTS	Unicredit
Commerzbank	MUFG	US Bancorp
Credit Agricole	Multrees	Valores
Credit Suisse	NAB	Vontobel
Daiwa Secs	NatAlliance	VTB Capital
DBS Group	Natixis	Wells Fargo
Dekabank	Nomura	WestPac
Deutsche Bank	Nordea Bank	Williams Capital
Dragon Capital	ODDO	ZKB
DZ Bank	Odeon Capital	Zurcher
FHN Financial		

**ASSET CLASS: Currency derivatives, Commodities derivatives and emission allowances Derivatives**

Banco BPM Group	Deutsche Bank	Pilling & Company
Bank Julius Baer	DZ Bank	RBC
Banque of Luxembourg	Goldman	RBS
Banque Pictet & Cie	HSBC	Refinitiv FXall

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Barclays	JP Morgan	RL360 Life
Bloomberg FXGO	Lombard	Rothschild & Co Bank
BMO	Morgan Stanley	Skandia
BNP Paribas	Multrees	Societe Generale
BofA Merrill Lynch	Natwest Markets	Standard Chartered
Citigroup	Nomura	Statestreet
Credit Suisse	Northern Trust	UBS
Dekabank	Old Mutual	ZKB

## Appendix 2

This Appendix outlines the asset classes traded by GAM, their key execution factors and the main execution venues / brokers used to execute client orders for each product.

### Equity trading

#### Execution of liquid equities and exchange traded funds (ETFs)

Order type	Equity & ETF trades
Summary/Description	GAM operates a centralised trading desk (“CTD”) which is responsible for all equity execution. When an order is received by the CTD, it will gauge the current market price of the instrument with reference to bids and offers on both the electronic order book of the relevant exchange or alternative trading venues.
Key execution factors	<ul style="list-style-type: none"> <li>• Size</li> <li>• Price</li> <li>• Liquidity</li> <li>• Cost</li> <li>• Likelihood of execution</li> <li>• Commission rate for a required service</li> </ul>
Main execution venues / brokers	Indications of Interest (“IOIs”) will be reviewed to identify whether any brokers have clients that are looking to execute the other side of the order (known as ‘natural liquidity’) or if there are any trading opportunities via MTF or OTF crossing platforms
Additional considerations	Where a broker has posted a relevant IOI, the CTD will aim to deal at the best possible price. If the order can be executed via a crossing network, then it will normally be done at mid-market price.

#### Execution of illiquid equity trades

Order type	Illiquid equity trades
Summary/Description	If an order is received for an illiquid instrument (e.g. shares in a small company), the chances of finding an IOI or an opportunity to trade on a MTF, or equivalent, platform will often be reduced.
Key execution factors	<ul style="list-style-type: none"> <li>• Likelihood of execution</li> <li>• Liquidity</li> <li>• Price</li> <li>• Speed</li> </ul>
Main execution venues / brokers	The CTD will typically identify which brokers have seen the greatest trading activity in the instrument and then approach one or more to enquire if an opposing order can be found.
Additional considerations	The CTD will need to manage the risk of information leakage of GAM’s trading intention to minimise the chance of the price moving adversely against the client. To assist in searching for liquidity, algorithmic trading platforms will be used to avoid information leakage of trading intentions.

#### Execution of large equity trades

Order type	Large equity trades
Summary/Description	If the order size is a large percentage of the instrument’s average daily volume (“ADV”) this may limit the ability to execute with immediacy at the indicative market price.
Key execution factors	<ul style="list-style-type: none"> <li>• Size</li> <li>• Price</li> <li>• Liquidity</li> <li>• Cost</li> <li>• Likelihood of execution</li> <li>• Speed</li> </ul>
Main execution venues / brokers	The CTD may place the order either/and/or with a counterparty that has had recent trading activity in the security, or through an algorithmic trading platform. In both cases, the CTD will set the parameters of the order, for example any limit price, trading volume constraints and/or timing. To



	fulfil the total order the counterparty or algorithm will often split the order into smaller lot sizes to execute with available liquidity, to minimise market impact.
Additional considerations	For ADV's of less than 5%, the CTD may use algorithms to reduce the cost of the order execution.

### Execution of programme trades

Order type	Programme trades
Summary/Description	Programme trades may be used to execute a large number of orders at one time. These are usually as a result of cash investments or divestments arising on an account. Depending on the profile of all combined orders, the nature of the order and market conditions, the programme may be executed on a risk (broker's proprietary trading book) or agency basis.
Key execution factors	<ul style="list-style-type: none"> <li>• Cost</li> <li>• Price</li> <li>• Size of order</li> <li>• Likelihood of execution</li> <li>• Speed</li> </ul>
Main execution venues / brokers	In the majority of cases a programme trade will consist of liquid instruments and will be executed on an agency basis. For programme trades a standard commission rate has been agreed with all GAM's counterparties, so marginal cost will not be a factor in broker selection but will still remain a factor that determines using programme trading or not.
Additional considerations	Pre-trade the CTD will analyse the potential liquidity of the individual components of the programme and may remove individual orders that have a potential high-cost impact. The removed orders will then be executed outside of the programme. Where a programme is to be executed on risk, at least two brokers will typically be asked to quote for the programme trade; however, in the case of very large trades, it may be necessary to take a quote from just one broker to minimise information leakage of GAM's trading intentions.

### Convertible bond trading

#### Execution of convertible bond trades

Order type	Convertible bond trades
Summary/Description	Convertible bonds ("CBs") trade with reference to an issuer's underlying equity price, creditworthiness and the prevailing market bond price. The conversion value of the instrument will often be the key factor in determining the market price of a CB and therefore the execution of these instruments will have characteristics of both equity and fixed income instruments.
Key execution factors	<ul style="list-style-type: none"> <li>• Price (number and quality - for synthetic or other structured trades where the client has credit risk with the counterparty beyond settlement, GAM will look to execute with the lower credit risk counterparty to protect the client even if pricing is not as advantageous)</li> <li>• Size of order</li> <li>• Liquidity of both the bond and underlying equity</li> <li>• Nature of the order</li> </ul>
Main execution venues / brokers	IOIs (also known as 'axes' for certain asset classes) and runs (which are indicative price levels for instruments that a broker specialises in), along with other reference price data, will be used to provide pre-trade information. The OVCV function on Bloomberg is deemed a market standard for calculating the CB delta and is used to compare broker quotes that incorporate the current underlying equity price. Where the cost to execute is lower to do so, the order may be executed as a swap with a broker, client restrictions permitting. The TSOX execution management system may be used in conjunction with IB chat to execute trades.
Additional considerations	The time zone of the underlying equity market will also be a consideration as CB deltas will be determined accordingly. For large or illiquid orders, pre-trade checks on the potential sources of liquidity will be consistent. However, GAM may refrain from requesting multiple quotations, in order to limit information leakage and any adverse market impacts.

## Fixed income trading

### Execution of liquid fixed income trades

Order type	Liquid FI trades
Summary/ Description	GAM will assess broker IOIs and runs including other reference prices prior to execution. GAM will then request quotes based on price, spread or yield and execute with the best overall result. TSOX and IB Chat are the predominant tools used for executing fixed income instruments. When executing fixed income transactions, GAM will be acting in an agency capacity, on behalf of clients. For the majority of orders, the executing counterparty will be acting in a principal capacity and is therefore deemed to be the execution venue. As such, they in their principal capacity, would not owe GAM a general duty of best execution, unless agreed contractually.
Key execution factors	<ul style="list-style-type: none"> <li>• Where a variety of competing trading quotations are available:</li> <li>• Price</li> <li>• Size (and liquidity)</li> <li>• Nature of the order</li> </ul>
Main execution venues / brokers	GAM will execute on various electronic trading platforms such as MTFs, OTFs or Systematic Internalisers seeking, where available, multiple competing quotations. The size, liquidity and complexity of the individual fixed income instrument will dictate the trading platform, venue and strategy selected. GAM uses a number of trading platforms to request quotations from competing liquidity providers. MTFs and open trading platforms are also used to bring together multiple third party buying and selling interests to enable GAM to electronically execute orders, often at the indicative mid-pricing level.
Additional considerations	In choosing the appropriate number and selection of counterparties the trader will assess a number of factors including, but not limited to, indicative market prices, spreads or yields posted by market makers, the size of the order, market liquidity and conditions, IOI's from brokers' inventory and a market makers' execution hit and miss ratios in the relevant sector or instrument. In addition, individual trading platform protocols will dictate the number of requests for quotes available by order type.

### Execution of large or illiquid fixed income trades

Order type	Large or illiquid FI trades
Summary/ Description	For Rates instruments (includes Government, semi-government bonds), Mortgage Backed Securities or Credit Bond orders deemed large in size or illiquid in nature, for example emerging market bonds, the limited provision of market liquidity may result in different trading strategies being adopted. Whilst the pre-trade checks on potential sources of liquidity will be consistent GAM may refrain from requesting multiple quotations so as to limit any information leakage and adverse market price impacts.
Key execution factors	<ul style="list-style-type: none"> <li>• Size (Even if away from the indicative market price, size may take preference over price if it is deemed to minimise any possible adverse market impact on the final execution)</li> <li>• Liquidity</li> <li>• Price</li> <li>• Nature of the order</li> </ul>
Main execution venues / brokers	For orders of a size that might significantly impact (move) a market GAM may choose to only request a quote from one broker, who will then execute on 'risk' (generally acting as principal) completing all or part of the order.
Additional considerations	N/A

## Foreign exchange trading

### Execution of liquid FX trades

Order type	Liquid FX trades
Summary/Description	Given the highly liquid nature of most currency pairs, the majority of orders are executed electronically via a multibank streaming price platform.
Key execution factors	<ul style="list-style-type: none"> <li>GAM will determine the best method of execution taking into account, but not limited to, the following ranked factors: <ul style="list-style-type: none"> <li><b>General</b></li> <li>Nature of order (e.g. hedge roll, required to generate settlement cash)</li> <li>Size (and liquidity) minimising price impact</li> <li>Price</li> <li>Any netting opportunities with other live orders</li> <li><b>Risk transfers (including NDFs)</b></li> <li>Speed</li> <li>Price</li> <li>Size of the order</li> <li><b>Algorithms/orders</b></li> <li>Likelihood of Execution</li> <li>Size (and liquidity)</li> <li>Any netting opportunities with other live orders</li> </ul> </li> </ul>
Main execution venues / brokers	Bloomberg FX Go FX Connect FXAll GAM's internal broker price aggregator Bank Algorithms
Additional considerations	A client's eligible counterparties. For large swap orders at least two or more counterparties would be put in competition. In these instances, the best price sourced, from the eligible counterparties available for each client, will be the primary execution factor. This may mean that a client who restricts the use of some counterparties, may not always receive the best price available.

### Execution of large, illiquid currency pairs and non-deliverable forwards

Order type	Large in size; illiquid currency pair; or a non-deliverable forward trade
Summary/Description	Where the order is large in size or an illiquid currency pair, a single counterparty may be selected to execute all or part of the order in the market in line with any price limits or time constraints that GAM set, (assuming that there is limited risk of GAM's trading intentions leaking to the market). Alternatively, GAM may request bilaterally (via IB Chat or Telephone) competing executable quotes with a minimum of eligible counterparties, to minimise the leakage of GAM's trading intentions which may adversely impact the market price.
Key execution factors	<ul style="list-style-type: none"> <li>Nature of order</li> <li>Likelihood of execution</li> <li>Size</li> <li>Liquidity</li> <li>Price</li> <li>Any netting opportunities with other live orders</li> </ul>
Main execution venues / brokers	Counterparty selection will be based on a bank's indicative pricing, previous performance in that currency pair and whether it is eligible to execute the client's order.
Additional considerations	GAM continually monitors liquidity and indicative spread levels, quoted by its counterparties, in different currency pairs and sizes to gauge indicative pre-trade execution costs. GAM undertakes pre-trade analysis by reviewing and monitoring via various tools and pricing sources, execution rates and pricing spreads to identify the best liquidity providers. GAM will also take into account the Investment Managers' objectives for any active FX orders (i.e. taking a position in a currency pair), which may impact the pace at which the orders are executed,

including specific levels for entry and exit. Where FX orders are contingent on the purchase/sale of another financial instrument execution will be timed accordingly where appropriate and in the best interests of the client.

## Exchange traded derivatives (“ETDs”)

### Execution of liquid ETDs

Order type	Liquid ETD trades
Summary/ Description	GAM use a number of executing counterparties (some of which may also be GAM's clearing brokers), when trading both equity and fixed income ETDs (which include Futures and Listed Options). The executing brokers will have “Give up” agreements established between themselves and GAM's clearing brokers.  ETD's may be executed on 'risk' where the executing broker acts as principal, or agency, and will depend on the nature and size of the order, the prevailing market conditions and any investment objectives of the Investment Manager.
Key execution factors	<ul style="list-style-type: none"> <li>• Likelihood of execution</li> <li>• Nature of the order (e.g. hedge or outright position)</li> <li>• Size (and liquidity). Need to minimise market impact</li> <li>• Price</li> <li>• Cost (including clearing fees)</li> </ul>
Main execution venues / brokers	The individual instrument will dictate the available venues in addition to the client's derivative contractual arrangements. As ETDs trade on exchange, GAM will usually electronically transmit an order to a chosen broker to execute, setting any price limits, volume or timing constraints.
Additional considerations	N/A

### Execution of large ETD orders

Order type	Large ETD trades
Summary/ Description	When the exchange permits, GAM will consider block trading (executing on 'risk') large ETD orders, basing the decision on quotes provided by all available ETD counterparties.
Key execution factors	<ul style="list-style-type: none"> <li>• Size</li> <li>• Price</li> <li>• Liquidity</li> <li>• Speed</li> </ul>
Main execution venues / brokers	Depending on the block size order rules for a particular instrument and exchange, a risk price may be requested from one or more counterparties.
Additional considerations	N/A

## Over the counter (“OTC”) derivatives

### Execution of non-complex OTC trades

Order type	Non-complex OTC trades
Summary/ Description	Trading in non-complex OTCs will be subject to appropriate documentation (such as an ISDA) being in place between the client and specific counterparties.  For liquid, non-complex instruments which may include Interest Rate Swaps (“IRS”), Swaptions, FX Options, Credit Default Swaps (“CDS”) and Credit Default Indices (“CDX”), market reference prices and valuations are readily available through a range of sources such as Bloomberg.
Key execution factors	<ul style="list-style-type: none"> <li>• Size</li> <li>• Liquidity</li> <li>• Price (and market impact)</li> <li>• Nature of the order</li> </ul>

Main execution venues / brokers	GAM uses a number of executing counterparties when trading OTCs. The availability of an individual client's ISDA Master Agreement, Credit Support Annex and Cleared Derivatives Execution Agreement with eligible counterparties will influence broker selection for respective client orders. Depending on local regulations the determination of trading venue to execute Interest Rate Swaps may be mandated to SEFs (in the US) or to MTFs. Subject to contractual arrangements established between the client and a particular SEF/MTF their orders would be executed, on a competing quotation basis with eligible counterparties, on that SEF/MTF.
Additional considerations	IRS are generally executed via OTCX and FX Options are executed via IB Chat or Telephone.

### Execution of large or complex OTC trades

Order type	Large/Complex OTC trades
Summary/Description	For OTC trades that are large in size or complex in structure, GAM may choose to open the order to only one counterparty to source a risk price, for all or part of that order, to restrict information leakage of GAM's trading intentions. Alternatively, a counterparty may be instructed to work the order in line with GAM's instructions. The choice of counterparty will reflect their indications of interest and relevant legal documentation in this or associated instruments.
Key execution factors	<p><b>General</b></p> <ul style="list-style-type: none"> <li>• Size</li> <li>• Liquidity</li> <li>• Price (market impact)</li> </ul> <p><b>Structured trades (e.g. Total Return Swaps (TRS))</b></p> <ul style="list-style-type: none"> <li>• Underlying instrument costs</li> <li>• Financing/borrowing costs</li> <li>• Price (overall)</li> <li>• Operational considerations (e.g. reporting and valuation timeliness/precision)</li> </ul>
Main execution venues / brokers	GAM uses a number of executing counterparties when trading OTCs. The availability of an individual client's ISDA Master Agreement, Credit Support Annex and Cleared Derivatives Execution Agreement with eligible counterparties will influence broker selection for respective client orders. Depending on local regulations the determination of trading venue to execute Interest Rate Swaps may be mandated to SEFs (in the US) or to MTFs. Subject to contractual arrangements established between the client and a particular SEF/MTF their orders would be executed, on a competing quotation basis with eligible counterparties, on that SEF/MTF.
Additional considerations	Where OTC derivative trades are not executed on a trading venue, the fairness of the price proposed by the eligible counterparty is referenced using different pricing/valuation tools. A fair market valuation is based on an assessment of independent market data and current liquidity conditions prior to execution. In these instances, the ability to execute in larger size, even if away from the indicative market price, may take preference if it is deemed to minimise any possible adverse market impact on the final execution.

### Money market ("MM") instruments

#### Execution of primary MM trades

Order type	Primary MM trades
Summary/Description	When trading in primary money markets, GAM will be acting in an agency capacity on behalf of clients. Trading in primary money markets will be subject to selecting the appropriate issuer/deposit taker based on GAM's internal credit research analysis and any client guidelines or restrictions.
Key execution factors	<ul style="list-style-type: none"> <li>• Nature of the order</li> <li>• Price</li> <li>• Credit Quality of Issuer/Deposit taker and tenure offered</li> </ul>
Main execution venues / brokers	GAM's internal credit analysis is based on research of the issuer, respective credit ratings and GAM's existing exposure (via underlying clients' assets) to the individual entity. Some money market instruments can be traded on MTFs, namely T-Bills, fixed Medium-Term Notes ("MTN") and some Euro Commercial Paper ("ECP").

Additional considerations	For any tradable money market instrument, a competing price or yield may be sought, however, by their nature, GAM may only be able to execute with one counterparty due to the above stated limitations.
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#### Execution of secondary MM trades

Order type	Secondary MM trades
Summary/Description	GAM uses a number of executing counterparties when trading in secondary money markets.
Key execution factors	<ul style="list-style-type: none"> <li>• Price</li> <li>• Likelihood of execution</li> </ul>
Main execution venues / brokers	GAM will receive indicative market pricing and indications of interest from numerous approved counterparties. Some reference prices are available via MTFs and broker quote screens.
Additional considerations	For any tradable money market instrument competing quotes may be sought, however, by their nature, GAM may only be able to execute with one counterparty due to the above stated limitations. In such situations, comparable instruments of a similar type issuer and credit quality will be used to validate price fairness.