

## ORDER EXECUTION POLICY

Velanne Asset Management Limited (“**Velanne**”) is solely responsible for managing the trading activities of its commingled funds and any separate account clients (collectively, its “**Clients**”). Each Client has been classified as a professional client for the purposes of the rules of the UK Financial Conduct Authority (“**FCA**”). Velanne primarily invests in publicly traded global equity securities. In doing so, Velanne recognises its obligation to take all sufficient steps to obtain, when executing orders, the best possible results for its Clients. This Order Execution Policy (the “**Policy**”) provides information about Velanne’s policies and procedures for executing trades, order handling and certain related issues. This Policy is intended to comply with the applicable rules of the FCA and the US Securities & Exchange Commission, including the disclosure requirements of Directive 2014/65/EU (commonly referred to as MiFID II). Required quantitative data is included at Appendix 1 regarding venue selection and Appendix 2 regarding the costs and charges associated with investment. The procedures that Velanne follows when executing foreign exchange are described in Appendix 3.

### ***Trading Approach and Execution Venues***

Security trades are normally executed on regulated markets accessed through third party brokers who may place their orders with market makers. Clients should note that transactions may be executed outside a regulated market or multilateral trading facility, such as on a market or trading facility in a non-EU country or with a systematic internaliser (i.e. an investment firm dealing on its own account in an organized, frequent, systematic and substantial basis).

Velanne is not affiliated with any broker. Velanne looks to select brokers that have demonstrated competence and capability to obtain best execution. A list of approved brokers is maintained and all approved brokers are subject to a specific contractual obligation to achieve best execution.

As of 31<sup>st</sup> December 2018, Velanne executes all security trades with Instinet. These trades are generally done using a single competitive global rate of commission and on an execution only basis. This approach creates a strong alignment of interests between Instinet, Velanne and Clients. Using a single broker for trade execution delivers several risk-reduction benefits. These include simplification of order routing and intra-day monitoring, improved settlement status, heightened quality of execution given the value and volume of securities traded, consistency of execution reporting and a reduction of the contractual and regulatory compliance burden. Velanne monitors the depth and quality of coverage, access to market flow, the quality and timeliness of transaction cost analysis (“**TCA**”) and back office efficiency. Velanne also considers the consequences of a potential failure of Instinet to meet performance, corporate stability and/or business continuity requirements. Velanne retains the right to terminate broker relationships at any time.

Before any broker is approved, separate terms of business must be signed. Velanne rarely accepts a broker’s standard terms of business. Velanne looks to deal with issues such as counterparty risk, cross collateralisation and liability standards. These ordinarily remove, for example, the ability of a broker to offset one client’s settlement obligations with proceeds from another client. They also normally have enhanced standards of care (negligence rather than gross negligence) and reporting obligations.

### ***Execution Factors***

In selecting brokers, Velanne seeks the best combination of price and quality of execution services, after considering factors that may affect the transaction. Price, including commission costs, and the ability to execute an order in sufficient volume with minimal market impact are typically the most important factors considered.

### ***Monitoring Best Execution***

Velanne monitors compliance with this Policy and its best execution obligations in several ways:

- *Intra-day/intra-trade monitoring.* Velanne’s dealers use Indata’s iPM Manager (Velanne’s order management system) to monitor trades at the individual fill level. Velanne’s dealers also compare this information to other live sources (e.g. Bloomberg).
- *Post-trade monitoring.* Brokers must provide automated TCA analytics for all executed orders, typically at the end of each trading day. Velanne’s dealers separately conduct best execution monitoring reviews.
- *Performance monitoring.* Velanne monitors brokers on an ongoing basis. This helps to ensure that performance follows the broker’s duty of obtaining best execution. Brokers must also provide periodic TCA analytics (e.g. monthly, quarterly and annual trend level analysis) that provide insight on the quality of their executions and the performance of their algorithms. This is besides any regulatory reporting that the brokers must separately publish.
- *Periodic reviews.* Velanne will periodically review broker credit ratings and news flow to ensure the minimum standards of prudence for inclusion on the approved broker list are met. Velanne’s Compliance and Operational Risk Management Group will also conduct periodic retrospective reviews of trades on a sample basis to help ensure compliance with Velanne’s policies and procedures.

#### ***Dealing Commissions, Soft Dollars and Other Inducements***

Execution only dealing commissions are paid directly by Clients consistent with market practice. Velanne negotiates commission rates and may determine to pay commissions or mark-ups over that which another broker might charge for effecting the same transaction, in recognition of the quality of the execution services provided by the broker. Commission rates are generally subject to periodic reappraisal. As of 31<sup>st</sup> December 2018, Velanne has agreed to pay a single global execution only rate of commission – 3.5bps. This rate applies to substantially all trading activity.

Velanne does not share, directly or indirectly, in the revenues generated by its Client transactions. Velanne does not pay “soft dollar” commissions and/or receive “soft-dollar” benefits. Goods or services that, if received without payment could be deemed “soft dollar” benefits or “inducements” (such as broker research and TCA analysis of executed trades), are paid by Velanne directly out of its own financial resources.

#### ***Commission Recapture and Directed Brokerage***

Velanne does not participate in commission recapture arrangements. Velanne does not participate in directed brokerage arrangements.

#### ***Order Handling, Aggregation and Allocation***

To facilitate subscriptions and redemptions and to minimize liquidity risks to the Clients, Velanne may utilize program or block trades. Program and block trades may involve directing a broker to trade securities at a specific point in the day (for example, at market open or close) or during all or part of the trading day. The broker may also be asked to guarantee that a specific price can be obtained for the security purchases or sales (for example, the opening price or the closing price). Additional charges or increased spreads may be payable to facilitate these program or block trades. As a general rule, Velanne does not use stop loss orders as part of its trading methodology.

If Velanne invests simultaneously for more than one Client, Velanne may place combined orders for all such Clients simultaneously and if any order is not filled at the same price, Velanne will average the prices paid. If Velanne places an order on behalf of more than one Client and the order cannot be fully executed, Velanne will allocate the order on a pro-rata basis based on the total number of shares outstanding on each Client’s respective orders and rounding such executions to reflect minimum trading sizes or regulatory restrictions. The same policy applies to initial public or secondary offerings, governmental privatizations or other similar events. Situations may occur where a Client could be disadvantaged because of the investment activities conducted by Velanne for other Clients.

***Personal Account Dealing***

Except as allowed under the narrow circumstances set out in its Compliance Manual, no personal account dealing or principal trading is permitted. Velanne has no obligation to purchase or sell or to recommend for purchase or sale for a Client any securities that Velanne, its employees and/or contactors may purchase or sell for its or their own accounts or for the account of any other Client.

***Review and Amendment of this Policy***

The Policy is normally reviewed at least annually by Velanne's Dealing Group and when a material change occurs that affects Velanne's ability to execute orders under the Policy. Velanne will provide Clients and all underlying unitholders in its commingled funds with a copy of this Policy on an annual basis.

## Appendix 1

### Quantitative Data – Order Execution Venues

Client Type	Interaction	Class of Instrument	Period Start	Period End	<1 average trade per business day in the previous year
Professional	Placement/transmission	Equities – shares & depositary receipts	01 October 2018	31 December 2018	Y
Top Five Brokers	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Instinet Europe Ltd (213800MXAKR2LA1VBM44)	100.00%	100.00%			N/A

Velanne provides this information under the requirements of COBS11 of the FCA’s Handbook of Rules & Guidance regarding the 2018 calendar year. This disclosure qualifies as Velanne’s RTS 28 report. As Velanne Asset Management Limited (“Velanne”) was appointed as the discretionary investment manager for the Velanne Global Equity Program from 1st October 2018, the data is provided for the period from appointment through to 31st December 2018.

**Appendix 2: Cost Transparency Disclosure**  
**The Velanne Global Equity Fund and The Velanne Global Equity (Ireland) Fund (the Velanne Global Equity Programme):**

	2018*			
	BPS	Footnote	Description	Examples
One-off charges	0	N/A	All costs and charges included in the price or in addition to the price paid to product suppliers at the beginning or at the end of the investment	- Front-loaded Management Fee - Structuring Fee - Fund Initial Charge - Fund Redemption Charge - Fund Switching Charge
Ongoing management fees	90	1	Annual Management Fee	
Fund Operating Expenses	0	2	On-going costs and charges related to the management of the commingled funds that are deducted from the NAV over and above the management fees.	- Audit Fees - Custodian Fees - Directors Fees - Formation Fees - Guarantor Fees - Legal Fees - Other Fees - Registration Fees - Risk Transfer Fees - Service Manager Fees - Sub Registrar Fees - Trading Interest Fees - Trading Stock Borrow Fees - Trading Swap Financing Fees - Trading Other Fees - Broker/Third Party Research - Data Costs
Explicit transaction costs	6	3	Costs and charges incurred as a result of the ongoing acquisition and disposal of investments.	- Market Commission - Exchange Fees - Clearing Charges - Futures Clearing - Exchange Clearing - Exchange Execution - PTM Levy - Fund Dilution Levy - Stamp Duty
Implicit transaction costs	4	4	Market impact charge.	- Implicit Spread Costs
One-off transition costs	0	5	Costs and charges incurred as a result of the initial transfer of assets into a commingled fund.	- Market Commission - Exchange Fees - Clearing Charges - Futures Clearing - Exchange Clearing - Exchange Execution - PTM Levy - Fund Dilution Levy - Stamp Duty
Incidental costs	0	N/A	Any additional costs.	- Performance and Incentive Fees - Carried Interest
<b>Total</b>	<b>100</b>			

\*Prior to 1<sup>st</sup> October 2018 Silchester International Investors LLP was the appointed discretionary investment manager for the Velanne Global Equity Programme. The data shown above is for the period of 1 January 2018 – 31 December 2018.

## FOOTNOTES

- 1 The management fees disclosed under “**ongoing management fees**” represent the average management fee paid by investors in Velanne’s commingled funds in 2018. The actual investment management fees paid by individual investors will depend on the level of AUM they have invested with Velanne and may be higher or lower than the average. Actual fees paid are set out on each investor’s individual client statement. Velanne believes that having a single fee scale in place provides for fairness and simplicity across its entire investor base. Prior to 1 August 2018, Velanne’s “standard fee scale” was:

### Standard Per Annum Fees

First \$25 million	1.00%
Next \$50 million	0.80%
Next \$75 million	0.70%
Thereafter	0.60%

From 1 August 2018, Velanne introduced a “founder fee scale” applicable to all investors and those subscribing before 1 January 2020:

### Founder Investor Per Annum Fees

First \$75 million	0.80%
Next \$75 million	0.70%
Thereafter	0.60%

Investors that subscribe on or after 1 January 2020 will do so on the standard fee scale.

- 2 Velanne’s investment management fee includes costs associated with custody, fund administration, legal, tax and fund audits and costs in connection with Velanne’s withholding tax reclaim efforts. All security trades are done on an execution only basis. Costs associated with broker research are paid directly by Velanne out of its investment management fees. Velanne has negotiated a foreign exchange trading agreement with Northern Trust. In exchange for Northern Trust developing, maintaining, monitoring and enhancing the foreign exchange algorithm (which Velanne utilises for trading fund foreign exchange settlement obligations), operating the foreign exchange panel, providing balance sheet support to Velanne’s commingled funds foreign exchange trading, bearing the counterparty risks of trading with panel participants and providing TCA reporting, Velanne pays Northern Trust a fee out of its own investment management fees. No mark ups, additional spreads or additional settlement charges are added to foreign exchange transactions. Velanne notes that, for most other commingled funds, these costs are charged on top of investment management fees and would be disclosed as “**fund operating expenses**”.
- 3 The “**explicit transaction costs**” figure includes execution-only commissions on security trades, stamp duty and exchange fees computed on a trade by trade basis. The figure also includes the estimated costs associated with trading foreign exchange to cover the programme’s settlement obligations.

Broker commissions accounted for 2bps of charges in 2018 while foreign exchange commission accounted for 1 bps of charges. Market related charges, such as stamp duty and financial transaction charges, represented 3bps. These costs can vary significantly from year to year based on the level of overall portfolio turnover and the level of net investment into UK and Hong Kong equity securities.

- 4 Velanne has calculated “**implicit transaction costs**” as the difference between the actual price paid or received for each security transaction and the interval volume weighted average price (“interval volume weighted average price”) in the market during the period in which each transaction was executed. There has been no confirmation from the UK FCA on how implicit spread costs and/or market impact charges should be computed.
- 5 “**One-off transition costs**” are shown as zero. When assets are contributed into or withdrawn from a commingled fund, anti-dilution levies of up to 0.75% and 0.50% respectively can apply. ADLs are credited to the respective commingled fund to compensate it for dealing expenses (brokerage commissions, stamp duty, market impact, bid-ask spreads, foreign exchange charges, market fees, etc.). The ADLs protect existing investors by ensuring the investors initiating a transaction bear the costs of their own contribution or redemption. These ADLs are not paid directly or indirectly to Velanne. When applied to date, the ADLs have commonly been in the region of 10-20bps.

- 6 **Performance:** the performance figures in Velanne's monthly client statements, monthly newsletters and periodic client presentations are shown after deducting implicit and explicit transaction costs (as described in 3 and 4 above). "Gross" performance figures are shown before deducting investment management fees (as described in 1 above). "Net" performance figures are shown after deducting investment management fees. Further information is available upon request.

Velanne provides this information under the requirements of COBS6 of the Handbook of Rules and Guidance of the UK's Financial Conduct Authority (which reflects the requirements of Annex II of the MiFID Delegated Regulation). The data relates to the Velanne Global Equity Fund and the Velanne Global Equity (Ireland) Fund as a whole; the costs associated with investment in a particular fund may vary dependent on the tax status of the fund in each jurisdiction in which the programme invests. All figures have been computed in USD.

## Appendix 3

### Procedures for Trading Spot and Forward Foreign Exchange: Velanne's Commingled Funds

#### *Spot Foreign Currency Contracts*

Northern Trust is the appointed custodian for Velanne's commingled funds. Velanne Asset Management Limited ("Velanne") buys and sells securities and other assets for its various commingled funds and separate account clients (collectively, its "Clients") on various stock exchanges around the world. This trading activity gives rise to settlement obligations in foreign currencies. Clients also receive interest and dividend income in foreign currencies. Under most circumstances, Velanne does not ask Northern Trust to convert interest and/or dividend income into a Client's default currency holdings (typically USD or Euros) at Northern Trust's "daily" rate. Instead, Velanne ordinarily converts interest and/or dividend income in the same manner as it trades spot foreign exchange. Spot foreign exchange transactions are normally executed:

- For certain highly liquid non-restricted currencies, using a foreign exchange trading algorithm against a trading panel consisting of a number of market counterparties; and
- For restricted currencies, by Northern Trust or a sub custodian pursuant to standing instructions.

Velanne may also trade foreign exchange directly with Northern Trust's dealing desk. Given the nature of Client security holdings and Velanne's operating procedures, this type of trading activity is infrequent and commonly only occurs in extraordinary circumstances.

#### *The Foreign Exchange Panel and Trading Algorithm*

Velanne trades foreign exchange for certain highly liquid non-restricted currencies electronically using an algorithm developed by Northern Trust. Broadly speaking, the algorithm will look at the spot rates offered by a panel consisting of some of the largest foreign exchange dealers, exchanges and liquidity providers in the world and will execute, subject to depth of liquidity, validity of quotes and anti-gaming constraints, foreign exchange trades on a "best bid, best offer" basis. Substantially all of Client foreign exchange trading in non-restricted currencies utilizes the algorithm.

Although Northern Trust is legally operating as matched principal, Velanne has asked Northern Trust to look at replicating an agency relationship. To that end, Northern Trust is not included in the foreign exchange panel and is not an eligible foreign exchange counterparty for the trades (except with respect to smaller trades and *di minimus* balances). Information on Client transactions is not shared with Northern Trust's foreign exchange dealers. Northern Trust has implemented safeguards (such as locating the algorithm and trading system in a physically distinct area from Northern Trust's foreign exchange dealers with staff solely dedicated to supporting the algorithm assigned to the algorithm) on top of existing "Chinese Wall" procedures and software restrictions.

Velanne expects that the counterparties included in the foreign exchange trading panel will normally account for at least 50% of the estimated average global daily volume of foreign exchange traded against various currency pairs. The spread of counterparties should provide for competitive pricing and the creation of a transparent foreign exchange market. Northern Trust remains the legal counterparty for all Client transactions and Northern Trust bears the financial risk of settlement if one of the members of the panel fails to meet their obligations. Northern Trust provides Velanne with transaction cost analysis ("TCA") reporting for each foreign exchange transaction and for longer term trend analysis. This helps Velanne monitor the performance of the algorithm and also the quality of quotes received.

When trading foreign exchange with the algorithm, Velanne will notify Northern Trust of its intended trades. Barring extraordinary volatility or instability in a specific currency market, such as would occur

following the default by a government on its sovereign debt obligations, bankruptcy of a major financial institution, dissolution of a government established currency board, withdrawal from a common currency arrangement (such as the Euro), act of god or terrorist-related event of severe impact or other event or condition which causes extraordinary volatility or instability in a specific currency market of a similar magnitude, Northern Trust has agreed to execute these spot foreign exchange transactions on a “best bid, best offer” basis, subject to depth of liquidity, validity of quotes and anti-gaming constraints.

Velanne has agreed to pay Northern Trust a fee out of Velanne’s own financial resources in exchange for Northern Trust developing, maintaining, monitoring and enhancing the foreign exchange algorithm, operating the foreign exchange panel, providing balance sheet support to Client foreign exchange trading, bearing the counterparty risks of trading with panel participants and providing the transaction cost analysis. Northern Trust has agreed not to charge any other spread, mark up or administrative charge with respect to the use of its foreign exchange trading algorithm.

By creating competition amongst multiple market counterparties, Velanne hopes that the costs of trading foreign exchange drops and tighter spreads arise. The use of the algorithm also allows Velanne to minimise the time lag between the execution of equity trades and resulting foreign exchange trades. Finally, although one cannot totally control the risks of irresponsible behaviour, Velanne hopes that an automated, electronic trading environment segregated from trading desks and operated in a quasi-agency manner helps to reduce the risk of alleged collusion and market manipulation.

### ***Trading in Restricted Currencies***

Restrictions exist in some countries that prohibit foreign exchange trading outside of exchange trading hours. In these countries (such as Taiwan, Malaysia, South Korea, Brazil, India, Thailand, Vietnam and Indonesia) Northern Trust will trade spot foreign exchange directly during market hours with their sub custodians or other market counterparties. Other markets impose “pre-funding” requirements on spot foreign exchange transactions. In these markets, this means that each Client must hold sufficient local currency before buying, or settling the purchase of, an underlying equity security. Upon successful trade matching an automated SWIFT message is generated. This message informs Northern Trust Restricted FX Dealers of the requirement to purchase or sell a given restricted currency during the next market trading session pursuant to standing instructions and settlement conventions. Northern Trust notifies Velanne of the rate obtained, the time of the trade(s) and certain market data which will include any counterparty rate quotes obtained by Northern Trust in the course of executing the transaction. Because Velanne may ordinarily execute foreign exchange transactions in non-restricted currencies only with counterparties appointed by Northern Trust, Velanne may be unable to obtain any improvement in the rates quoted by Northern Trust or one of its sub custodians. This may result in the Client paying higher spreads than would be expected if Velanne had the opportunity to seek rate quotes from multiple counterparties. Northern Trust charges Velanne an administrative fee in exchange for providing these services which Velanne pays out of its own financial resources. Northern Trust has agreed not to charge any other mark up or administrative charge to the Clients with respect to these foreign exchange transactions.

Some markets (such as Kenya) may only allow trades with a sub custodian as principal counterparty. Velanne will ask Northern Trust to communicate a spot foreign exchange transaction to the sub custodian during the next market trading session pursuant to standing instructions. The sub custodian will, under normal circumstances, charge a fee, spread or mark up on such foreign exchange transactions that is payable by the Clients. Usually these spreads are not disclosed to Velanne. The sub custodians appointed by Northern Trust, in particular, are not obligated under the terms of their sub custody arrangements to disclose these charges to third parties (including Velanne and the Clients). Velanne has asked Northern Trust to renegotiate its commercial arrangements with certain sub custodians and eliminate these undisclosed mark ups or ensure that they are fully disclosed to their counterparties (including Velanne and the Clients). When making an investment decision to acquire securities

denominated in such restricted currencies, Velanne will take into account the higher spreads and costs of execution.

Northern Trust provides Velanne with TCA reporting for each non-restricted foreign exchange transaction. Northern Trust also provides various quarterly reports to help support a longer term assessment of the quality of its executions.

Delays may occur in the execution of foreign exchange transaction if, for example, the underlying security transaction is not matched, underlying market procedures completed or settlement has not taken place before cut-off times established by Northern Trust, a sub custodian, counterparty or market participant. This could lead to additional foreign exchange exposure and losses for a Client.

### ***Trading Forward Currency Contracts***

Forward currency contracts will ordinarily be executed with Northern Trust. These transactions are subject to the terms of an ISDA Master Agreement executed between Velanne and Northern Trust, and other agreements required by law.

Forward currency contracts are executed in two phases. First, a spot foreign exchange transaction is executed. For highly liquid non-restricted currencies this will be done using the Northern Trust algorithm described above. A “points” adjustment is traded in substantially the same manner by Northern Trust referencing publicly offered points data. A “points” adjustment is the amount by which a spot rate is revised to take into account the time delay for delivery of the foreign exchange and is generally assumed to represent the difference in the bilateral interest rates of two currency pairs.

Velanne may execute forward contracts over three, six, nine or twelve months, amongst other time periods. Market liquidity is a significant factor in determining the length of the forward contracts as points adjustments can become expensive during times of market turmoil or where significant concerns exist over the strength of market counterparties. Velanne may not trade non-deliverable forwards for any Client. To seek to further minimize financial risk to a Client of any default by Northern Trust, where unrealised gains exceed a given amount, Velanne may choose to close out a specific contract, restate the positions at the close out price, pay an interest rate charge and bring gains forward in cash.

Northern Trust provides TCA reporting for all forward currency contracts executed using the algorithm.

### ***Separate Accounts***

The procedures set out above may differ for separate account clients. Separate account clients can appoint their own custodian responsible for executing all foreign exchange transactions. The foreign exchange procedures for each separate account client will be determined on a case by case basis.