

Miton's Order Execution Policy

1. General information about this policy

Background

- 1.1 Miton Asset Management Limited ("**Miton**") manages portfolios of investments on a discretionary basis for investment funds and managed account clients (together, "**clients**"). Miton is authorised and regulated by the Financial Conduct Authority ("**FCA**") and is an investment firm subject to the requirements of the FCA Rules that implement the re-cast Markets in Financial Instruments Directive ("**MiFID 2**").
- 1.1 As a portfolio management firm, Miton makes, and then gives effect to, decisions to deal in financial instruments on behalf of its clients. There are two methods of giving effect to those decisions that are distinguished for the purposes of the FCA Rules that implement MiFID 2, with a different best execution obligation for each:
- (A) Indirect execution: Miton can place an order with a third party, e.g. a stockbroker or investment bank (each a "**Broker**") for that third party to execute on behalf of Miton's client. This includes the situation where Miton uses an execution algorithm that has been made available to it by the Broker to execute the transaction.
- Best execution obligation:** Miton must act in accordance with the best interests of its clients when placing orders with Brokers for execution that result from decisions by Miton to deal in financial instruments on behalf of those clients.
- (B) Direct execution: Alternatively, Miton can execute the relevant transaction on behalf of the client directly with a counterparty or on an exchange or other trading system (each an "**Execution Venue**"), for example, by dealing directly with a market maker or other liquidity provider on a "request for quote" basis or, by accessing an exchange or trading platform directly either as direct member of or, participant in the exchange/trading platform or, by using a direct market access ("**DMA**") facility provided to Miton by a Broker to access the exchange or platform. (Please note that the term "Execution Venue", as used in this policy, is intended to refer to counterparties with which Miton executes orders directly (such as the counterparty to an OTC derivative under an ISDA), as well as exchanges and other trading venues.)
- Best execution obligation:** Miton must also take all sufficient steps to obtain the best possible result for its clients, when directly executing orders with, or on, an Execution Venue on behalf of its clients.
- 1.2 The distinction between indirect execution and direct execution is emphasised throughout this policy, as appropriate.

Miton's Core Best Execution Obligations

- 1.2 In order to comply with the above obligations, to take all reasonable steps to obtain the best possible result for its clients, taking into account the "**execution factors**" specified by MiFID 2. The execution factors are:
- price;
 - costs;
 - speed;
 - likelihood of execution and settlement;
 - size;
 - nature; or
 - any other consideration relevant to execution of the order (for example, the minimisation of the potential market impact of the execution of the order).
- 1.3 The relative importance of the execution factors must be determined by reference to the "**execution criteria**" which are:



1.4

- the characteristics of the client, including the categorisation of the client as retail or professional;
- the characteristics of the client order, including where the order involves a securities financing transaction (“SFT”);
- the characteristics of the financial instrument that are the subject of that order; and
- the characteristics of the Brokers and/or Execution Venues to which that order can be directed.

to establish and implement a policy to enable it to comply with the obligation to take all reasonable steps to obtain the best possible result for its client. The policy must identify, in respect of each relevant class of instruments:

- in the case of orders that Miton places with a Broker for execution, each such Broker. The Brokers identified must have execution arrangements that will enable Miton to comply with its obligations in relation to best execution; and
- in the case of transactions that Miton itself executes directly on behalf of its clients, the Execution Venues on or with which it executes those transactions. The Execution Venues identified must at least include those that enable Miton to obtain on a consistent basis the best possible result for the execution of client orders;
- to provide appropriate information to its clients on the policy and, for clients for whom Miton effects direct executions, to obtain those clients’ consent to the policy;
- to monitor on a regular basis the effectiveness of the policy and, in particular, the execution quality of the Brokers and Execution Venues identified in that policy and, where appropriate, correct any deficiencies; and
- to review the policy annually and whenever a material change occurs that affects Miton’s ability to continue to obtain the best possible result for its clients.

2. Overview of Miton’s order execution policy and procedures

- 2.1 Miton has implemented this policy to enable it to comply with the obligation to take all sufficient steps to obtain the best possible result for its client. This section provides an overview of the policy and Miton’s order execution arrangements more generally.
- 2.2 All Miton employees who are responsible for placing orders with Brokers for execution by those Brokers and/or for directly executing transactions on Execution Venues on behalf of clients must ensure that any such activities are conducted in accordance with the requirements and guidance set out in this policy.

The Annex

- 2.3 This policy must be read in conjunction with the attached **Annex**, which sets out detailed practical information on execution arrangements. In particular, for each relevant class of instruments:
- (A) in the case of indirect execution, the Annex identifies each approved Broker and the factors affecting the choice of Broker. The Brokers identified have execution arrangements that will enable Miton to comply with its obligations in relation to best execution. Section 3 of this policy, below, sets out Miton’s policy on indirect execution; and
- (B) in the case of direct execution, the Annex identifies the Execution Venues on or with which Miton directly executes transactions and the factors affecting the choice of Execution Venue. The Execution Venues identified include those that enable Miton to obtain on a consistent basis the best possible result for the execution of client orders. Section 4 of this policy, below, sets out Miton’s policy on direct execution, and section 5 sets out Miton’s policy on choosing between indirect and direct execution.
- 2.4 The Annex differentiates between 22 separate categories of financial instrument (each an “**Instrument Class**”). In relation to each Instrument Class, the Annex lists the particular Brokers and Execution Venues that are permitted to be used by Miton to execute decisions to deal in instruments falling within that Instrument Class and the methodology for determining the relative importance of the execution factors in relation to decisions to deal in such instruments (or, as applicable, confirms that Miton does not currently trade in the particular Instrument Class, and so has not implemented execution arrangements relating to it). The Annex contains a default hierarchy setting out the relative importance of each of the execution factors of that Instrument Class. Miton Staff are generally required to adhere to the prescribed hierarchy when executing or handling an order. However, staff who have authority to execute trades or place orders with Brokers are given discretion to apply a different order of importance in appropriate circumstances, in which case, they must record the alternative hierarchy on which they relied in Miton’s OMS.
- 2.5 Miton gives effect to decisions to deal on behalf of professional clients only (as defined in MiFID2). This means that Miton is entitled to assess the best possible result for its clients in terms of all of the execution factors listed above and not simply on the basis of the total consideration (price and cost), as would be the case if it executed trades for retail clients. Information on the firm’s methodology for assessing the relative importance of these factors in the context of particular transactions, in the light of the execution criteria in MiFID2, is set out in the Annex.



Specific instructions from clients as to how to execute an order

- 2.6 This policy will not apply to the extent that Miton follows specific instructions from a client when placing an order with, or transmitting an order to, another entity for execution, as to how to execute an order. In general, the firm (as discretionary portfolio manager) will make all dealing decisions itself and will therefore control the allocation of orders among Brokers and investment banks which are used for execution.

Publication of top five Brokers and Execution Venues

- 2.7 Miton will, in accordance with the requirements of MiFID2, publish separately a list of its top five Brokers and its top five Execution Venues for each Instrument Class.

Section 6 of this policy, below, sets out Miton's policy on "top five" publication.

Review of the policy

- 2.8 Miton will review this policy, and its order execution arrangements, at least annually and whenever a material change occurs that affects the firm's ability to continue to obtain the best possible result for its clients on a consistent basis. Section 7 of this policy, below, sets out Miton's policy on monitoring and review.

Provision of information to clients and obtaining client consent

- 2.9 Miton will provide appropriate information to its clients on this policy and, obtain clients' consent to the policy. Miton will also monitor, on a regular basis, the effectiveness of the policy and, in particular, the execution quality of the Brokers and Execution Venues identified in that policy and, where appropriate, correct any deficiencies. Section 8 of this policy, below, sets out Miton's policy on provision of information to, and obtaining consent from, clients.

3. Indirect execution

- 3.1 In choosing the approved Brokers specified in the Annex for a particular Instrument Class, Miton has taken care to select those Brokers that, in its view, consistently provide a high quality execution service in relation to that Instrument Class, taking account of the relevant execution factors for that Instrument Class.
- 3.2 When selecting Brokers for order placement or transmission, Miton may take into account the following qualitative factors (amongst others):
- Accurate and timely execution, settlement, clearance and error / dispute resolution processes
 - Reputation, financial strength and stability
 - Block trading and block positioning capabilities
 - Willingness to execute difficult transactions
 - Willingness and ability to locate and/or commit capital to complete trades
 - Execution of an ISDA Master Agreement with the firm's clients
 - Access to liquidity
 - Execution algorithm functionality
 - Ongoing reliability
 - Overall costs of a trade including commissions, mark-ups, markdowns or spreads
 - Nature of the security and the available market makers
 - Execution at a desired time for the transaction
 - Size of the trade and ability to fill trades in staged orders
 - Anonymity of trading activity
 - Market intelligence regarding trading activity
 - Licensed, as required, to execute the type of transaction
- 3.3 Where Miton places an order with a Broker for execution by that Broker, Miton is not responsible for controlling or influencing the arrangements made by the Broker relating to the execution of that order (i.e. Miton does not control the Broker's choice of Execution Venues, such as exchanges, multilateral trading facilities or internal dealing facilities). Miton is not required to duplicate the efforts of the Broker to whom an order is passed in ensuring the best possible result.
- 3.4 Miton's policy is therefore to ensure that the Brokers included in the Annex are the ones who will assist it to comply with its best execution obligations (by delivering the best possible result) and that orders are passed to those Brokers in accordance with the policy.



4. Direct execution

- 4.1 In choosing the approved Execution Venues specified in the Annex for a particular Instrument Class, Miton has taken care to select those Execution Venues that, in its view, enable it to obtain on a consistent basis the best possible results for its clients.
- 4.2 When selecting Execution Venues for direct execution (including those marked with an asterisk for OTC transactions), Miton may take into account the following qualitative factors (amongst others):
- Order type functionality of the Execution Venue
 - Transparency (e.g. lit dark) of the Execution Venue
 - Clearing schemes
 - Circuit breakers
 - Scheduled auctions
 - Liquidity analysis
 - Toxicity analysis
 - Reversion analysis
 - Market share
 - Breadth of market coverage
 - Reputation, financial strength and stability*
 - Willingness to execute difficult transactions
 - Willingness to put balance sheet at risk for non-centrally cleared OTC trades*
 - Execution of an ISDA Master Agreement with the firm's clients*
 - Access to liquidity*
 - Ongoing reliability*
 - Overall costs of a trade including commissions, mark-ups, markdowns or spreads*
 - Anonymity of trading activity*
 - Licensed, as required, to execute the type of transaction*

Methods of direct execution

- 4.3 One issue relevant to this selection is that, as a portfolio manager, Miton is not, itself, a member of any exchanges or trading platforms. However, Miton does use certain direct market access (DMA) facilities (e.g. trading systems provided by its Brokers that allow it to transact, in the Broker's name, directly on an exchange or trading platform) to effect the execution of trades on behalf of its clients. Consequently, the list of Execution Venues in the Annex includes the trading venues to which Miton has access via those DMA systems.
- 4.4 The list of Execution Venues in the Annex also contains details of the market makers and other liquidity providers with whom Miton directly executes transactions.

Relevance of execution factors depending on Instrument Class

- 4.5 MiFID2 acknowledges that, given the differences in market structures or the structure of financial instruments, it may be difficult to identify and apply a uniform standard of and/or procedure for best execution that would be valid and effective for all Instrument Classes. In line with MiFID2, it is therefore Miton's policy that Miton's best execution obligations should be applied in a manner that takes into account the different circumstances associated with the execution of orders related to particular Instrument Classes.
- 4.6 Accordingly, Miton has tailored this policy around the markets and instruments concerned. In Miton's view, and generally speaking:
- (A) the **more transparency and liquidity**, the more important **price** is as a best execution factor for any given Instrument Class. This may, however, depend on the type of market.
 - (B) the **less liquid and transparent the market**, the more price will need to be balanced against the **likelihood of execution** (speed, likelihood of execution, the minimisation of market impact and the willingness of a counterparty to put its balance sheet at risk. Additionally, where the transaction involves longer term credit risk (for example, for derivatives transactions (rather than delivery versus payment securities transactions), likelihood of settlement e.g. credit risk/credit limits will be a relevant consideration). Miton's trader will have to decide whether obtaining a number of quotes before it trades in a market where there are very few counterparties is in itself likely to move the market price in a manner which is not consistent with obtaining the best possible result for the client.



5. Choosing between order placement and direct execution

- 5.1 Once Miton has made a decision to deal in a financial instrument on behalf of a client, the relevant portfolio manager or trader will decide whether to place the order with a Broker or to attempt to execute the transaction directly. This decision will be made having regard to the relative importance of the execution factors for the Instrument Class in question.
- 5.2 For some Instrument Classes, there will likely be no choice. So, for example, where the financial instrument falls within an Instrument Class which applies to OTC derivatives, the transaction will likely always be effected by way of direct execution. For equities and exchange-traded derivatives transactions, the transactions may be executed by placing an order with a Broker who is a member of the relevant exchange or may - having regard to the execution factors - be executed directly (for example, via a DMA facility).

6. Top five venue publication

- 6.1 Miton is required to summarise and make public on an annual basis, for each class of financial instrument, the top five Execution Venues where it executes orders, and the top five Brokers to which it transmits orders for execution, in terms of trading volumes, in the preceding calendar year, including information on the quality of execution obtained.
- 6.2 For these purposes:
- (A) the transactions which are counted for the purposes of the list of the top five Brokers will include all direct execution using a DMA facility (where the relevant Broker will be the provider of the DMA facility) plus all indirect execution; and
 - (B) the transactions which are counted for the purposes of the list of the top five Execution Venues will include all direct execution other than direct execution using a DMA facility.
- 6.3 This information will be published annually on Miton's website by 30 April each year.

7. Monitoring and reviewing this policy

- 7.1 Miton has an obligation to monitor the effectiveness of its order execution arrangements and this policy. This obligation has been incorporated into Miton's general Compliance Monitoring process.
- 7.2 The monitoring process will involve a periodic review by the Head of Compliance of transaction execution data to ascertain whether the best possible result was obtained in respect of those transactions.
- (A) For transactions in the equities Instrument Classes where **price** or **cost** was one of the two most important execution factors (in accordance with the default hierarchy set out in the Annex), the monitoring process for equities involves the use of Bloomberg's Transaction Cost Analysis function is used ("BTCA"). This function is automatically linked to all equity trades and assesses those trades on a T+1 basis against interval VWAP (i.e. VWAP from first fill to last fill) plus a tolerated slippage, the quantum of which is set dependent on assumed complexity of the relevant order. The Tool has the capability to use other assessment bases such as Arrival Price and post trade reversion but the main measure used for monitoring purposes is interval VWAP.

The exceptions that breach the tolerance rules in BTCA are flagged to the portfolio manager or trader who placed the order who is then asked to provide a reason as to why this trade was not within the tolerance. The provided narrative (for example, that the portfolio manager or trader placed greater importance on an eligible execution factor other than price, such as speed of execution) will then be reviewed by the Head of Execution/ Trading Desk Manager who will satisfy himself or herself that the provided narrative is acceptable (and that best execution, taking into account that execution factor was, in fact obtained).
 - (B) For transactions in non-equities Instrument Classes where **price** or **cost** was one of the two most important execution factors this will involve a manual review on a sample trade basis of the price/cost of the executed trade where applicable, against public data transaction price made available pursuant to the post-trade transparency regime under the Markets in Financial Instruments Regulation. The Compliance department will aim to review at least []% of all transactions in such Instrument Classes. Where there is evidence that materially better prices than the price obtained were available at the time of execution, the Head of Compliance will discuss this with the relevant member of staff who effected the transaction and determine whether, bearing in mind the other factors that the trader considered to be of importance (e.g. size and nature of order) at the time, the best result was nevertheless achieved. The monitoring will also be used to assess trader performance and Broker/Execution Venue performance



- (C) Where the member of staff executing the trade changes the default hierarchy specified in the Annex by recording in the OMS that neither of the two most important execution factors were price or cost, the Head of Execution will use an appropriate methodology to assess whether the best possible result was achieved in terms of that factor (for example, where speed of execution was the most important factor, via an automated review of the relevant time stamps) and again whether, bearing in mind the other factors that the trader considered to be of importance at the time (e.g. price, size and nature of order), the best result was nevertheless achieved.
- 7.3 If the Head of Compliance concludes that there is evidence of the best possible result not being achieved, the Head of Compliance will also record his conclusion as to whether this is because the relevant members of staff are failing to follow this policy (e.g. using a Broker or Execution Venue that is not listed for the relevant Instrument Class) or because of a deficiency in this policy (e.g. the track record of the relevant Broker or Execution Venue indicates that it should no longer be included in it). The Head of Compliance may make changes to this policy depending upon the outcome of the monitoring process.
- 7.4 In addition, Miton will, at least annually, review this policy and its execution arrangements. The review will focus on whether Miton would obtain better results for its clients if it was to:
- (A) include additional or different Execution Venues or Brokers (for the relevant Instrument Class);
 - (B) assign a different relative importance to the execution factors (for the relevant Instrument Class); or
 - (C) modify any other aspects of this policy and/or its execution arrangements.
- 7.5 In undertaking this review, Miton will take into account: (i) the information required to be published annually by Execution Venues on the quality of execution of transactions on that venue; (ii) transaction cost analysis data available to Miton via the BTCA system; and (iii) information that Miton is required to publish annually on the top five Execution Venues where it has executed orders, and the top five Brokers to whom it has transmitted orders for execution, including information on the quality of execution obtained.
- 7.6 Miton will also review this policy and/or its execution arrangements whenever a material change occurs that could affect its ability to obtain the best possible result for the execution of its clients' orders. What is material will depend on the nature and scope of any change.
- 1.1 The review will be conducted by Miton's Broker Oversight Committee with input and assistance from the Head of Compliance. In conducting the review, the Broker Oversight Committee will take into account management information from the BTCA about the comparative performance of the Brokers and Execution venues used by Miton.

8. Client notification / consent requirements

- 8.1 Miton has an obligation to provide its clients with appropriate information on this policy. In order to comply with this obligation, Miton has sent its clients a copy of this policy. Note that this obligation only applies to the clients themselves – so, for example, where Miton manages the assets of a fund, the requirement to notify is limited to sending the summary of this policy to the governing body of the fund (not the underlying investors).
- 8.2 To the extent that Miton effects direct executions on behalf of a client, it will also have an obligation to obtain the client's consent to this policy. Miton has evidenced this consent by providing clients with a summary of this policy and including in its investment management agreements with those clients an express provision pursuant to which the client consents to this policy.
- 8.3 Additionally, to the extent that Miton effects direct executions of transactions on behalf of clients in instruments that are admitted to trading on an EEA trading venue but executes those transactions outside of an EEA trading venue, it needs to obtain its clients' consent to this. Again, Miton has evidenced this consent by including in its investment management agreements with its clients a provision pursuant to which the clients give this consent.
- 8.4 To the extent that Miton makes any material changes to this policy (whether pursuant to the review process or otherwise), it is obliged to notify the changes to its clients. The Head of Compliance will ensure that such notifications are made.



ANNEX

Approved brokers and execution venues for each instrument class

This Annex specifies, for each of the Instrument Classes listed below, the approved Brokers (indirect execution) and approved Execution Venues (direct execution), along with a summary of the execution factors which will generally be taken into account when selecting a particular Broker or Execution Venue to execute a particular trade.

Instrument Classes in scope

- A. Equities – Shares & Depositary Receipts
 - (i) Tick size liquidity bands 5 and 6 (from 2,000 trades per day)
 - (ii) Tick size liquidity bands 3 and 4 (from 80 to 1,999 trades per day)
 - (iii) Tick size liquidity band 1 and 2 (from 0 to 79 trades per day)
- B. Debt instruments
 - (i) Bonds
- E. Currency derivatives
 - (ii) Swaps, forwards, and other currency derivatives
- G. Equity Derivatives
 - (i) Options and Futures admitted to trading on a trading venue
- H. Securitized Derivatives
 - (i) Warrants and Certificate Derivatives
- K. Exchange traded products (Exchange traded funds, exchange traded notes and exchange traded commodities)
- M. Other instruments
 - CIS/UCITS

Instrument Classes which are not applicable to Miton

Miton does not currently execute, or place orders with Brokers for execution, in the following Instrument Classes:

- B. Debt instruments
 - (ii) Money market instruments
- C. Interest rates derivatives
 - (i) Futures and options admitted to trading on a trading venue
 - (ii) Swaps, forwards, and other interest rates derivatives
- D. Credit derivatives
 - (i) Futures and options admitted to trading on a trading venue
 - (ii) Other credit derivatives
- E. Currency derivatives
 - (i) Futures and options admitted to trading on a trading venue
- F. Structured finance instruments
- G. Equity Derivatives
 - (ii) Swaps and other equity derivatives
- H. Securitized Derivatives
 - (ii) Other securitized derivatives
- I. Commodities derivatives and emission allowances Derivatives
 - (i) Options and Futures admitted to trading on a trading venue
 - (ii) Other commodities derivatives and emission allowances derivatives
- J. Contracts for difference
- L. Emission allowances



A. Equities

This instrument class includes shares and depositary receipts and is split into three separate categories based on tick size.

(i) Tick size liquidity bands 5 and 6 (from 2000 trades per day)

List of Brokers and Execution Venues

Miton uses the following Brokers and Execution Venues in respect of transactions in financial instruments falling within this Instrument Class:

| Europe | Pan-Europe | North America | Pan-Asia |
|---|---|----------------------------------|-------------------------------|
| Arden Partners | Autonomous Research LLP | Bank of America Merrill Lynch | Bank of America Merrill Lynch |
| Autonomous Research LLP | Bank of America Merrill Lynch | Bloomberg Tradebook Europe Ltd | Instinet |
| Baden Hill | Barclays Capital | Citigroup Global Markets Limited | |
| Bank of America Merrill Lynch | Bloomberg Tradebook Europe Ltd | Deutsche Bank Securities Inc. | |
| Barclays Capital | Citigroup Global Markets Limited | Instinet Europe Limited | |
| Bloomberg Tradebook Europe Limited | Credit Suisse Securities (Europe) Limited | JP Morgan Chase Bank | |
| Canaccord Genuity Limited | Instinet Europe Limited | Morgan Stanley & Co Intl PLC | |
| Cantor Fitzgerald Europe | Investec Bank PLC | Oppenheimer Holdings | |
| Cenkos Securities PLC | JP Morgan Chase Bank | Piper Jaffray | |
| Charles Stanley (can we still deal with them) | Liberum Capital Limited | Raymond James Financial | |
| Citigroup Global Markets Limited | Liquidnet Europe Limited | Robert W Baird & Co | |
| Credit Suisse Securities (Europe) Limited | Macquarie Bank Limited | Sidoti & Co | |
| Davy Stockbrokers | Morgan Stanley & Co Intl PLC | Stephens | |
| Edmond De Rothschild | Natixis | Stifel Nicolaus Europe Limited | |
| Finncap Limited | Numis Securities Limited | UBS Limited | |
| Fiske PLC | RBC Europe Limited | | |
| Goodbody Stockbrokers | Redburn (Europe) Limited | | |
| Instinet Europe Limited | Stifel Nicolaus Europe Limited | | |
| Investec Bank PLC | UBS Limited | | |
| Jefferies International Limited | | | |
| JP Morgan Chase Bank | | | |
| Liberum Capital Limited | | | |
| Liquidnet Europe Limited | | | |
| Macquarie Bank Limited | | | |
| Mirabaud Securities | | | |
| Morgan Stanley & Co Intl PLC | | | |
| Natixis | | | |
| Northland Capital Partners Ltd | | | |
| Nplus 1 Singer Capital Markets Limited | | | |
| Numis Securities Limited | | | |
| Panmure Gordon (UK) Limited | | | |
| Peel Hunt LLP | | | |
| RBC Europe Limited | | | |
| Redburn (Europe) Limited | | | |
| Sanlam Securities UK Limited | | | |
| Shore Capital Stockbrokers Limited | | | |
| Stifel Nicolaus Europe Limited | | | |
| UBS Limited | | | |
| Winterflood Securities Limited | | | |



Selection of execution factors and Execution Venue/Broker

The table below sets out the default hierarchy in terms of the relative importance of the execution factors that Miton expects its execution staff to apply when executing trades or selecting brokers for transactions in this asset class. Miton staff are, in appropriate circumstances, permitted to apply a different hierarchy but where they do so, they must record the alternative hierarchy that they used in the OMS at the time of placing the order or executing the trade.

| Execution factor | Price | Costs | Speed | Likelihood of execution | Likelihood of settlement | Size | Nature | Other relevant factors |
|------------------|-------|-------|-------|-------------------------|--------------------------|------|--------|------------------------|
| Ranking | 2 | 3 | 4 | 7 | 1 | 5 | 6 | 8 |

Transactions in this category Instrument Class will usually be executed by passing an order to a broker, by using a broker's algorithm or by using a DMA system to access the Execution Venue directly. Occasionally, such orders may be executed via a direct OTC execution with a market maker.

In deciding between the various execution methods, the relevant portfolio manager or trader should use the default hierarchy set out above or, in circumstances where it is appropriate to apply a different hierarchy should apply that alternative hierarchy and record it within Miton's OMS. The majority of equities transactions would be affected by passing an order to a relevant Broker rather than executing directly on or with an Execution Venue.

The most important execution factor for all trades in this Instrument Class is likelihood of settlement (because of the associated settlement risk (and resultant counterparty risk)). However, the above list of brokers is felt to contain only brokers who present an acceptable low-level settlement/counterparty risk.

The next most important execution factor (and the one that will, under normal circumstances, primarily be used to determine the choice of Broker or Execution Venue) is price.

Where price is the most important factor (after likelihood of settlement), the relevant portfolio manager or trader should analyse live pricing readily available from Brokers via online feeds or directly on the order book of an Execution Venue and, where applicable, use the BTCA system, if relevant and the data available to the relevant portfolio manager or trader in relation to the prior performance of the relevant Brokers when executing trades in shares in that issuer/sector/geography and size. The trade should consider whether the best price is likely to be obtained by using a broker's execution algorithm. The relevant portfolio manager or trader should also consider the commission and other charges applicable to the different available execution methods.

Other execution factors, in particular, cost, size of order and speed of execution are permitted to be taken into account at the discretion of the relevant portfolio manager or trader as is appropriate for the size and nature of the relevant order in the order of the hierarchy set out above (or, in appropriate circumstances, and one or more of these other factors may displace price in the hierarchy, provided that the adjustment is recorded in Miton's OMS). Examples of situations where other execution factors may be ascribed greater importance are:

- (A) primary market transactions (IPOs/secondary issuances) where there may be only one or a small number of bookrunners from which to source liquidity where certainty of execution may be the most important factor;
- (B) block trades where a sell side counterparty approaches Miton in circumstances where the counterparty is the only source of liquidity for that volume and price (including buybacks by the issuer).
- (C) agreeing to the terms of a takeover offer/tender offer in respect of shares already held by Miton; and
- (D) large orders which may need to be "worked" with skill in order to avoid the execution of the order having a detrimental impact on the price of the shares.

Where, based on the relevant execution factors to which the relevant portfolio manager or trader has ascribed the most importance, the relevant portfolio manager or trader has decided to pass an order to a Broker for execution, the relevant portfolio manager or trader will select a Broker from among the list above that, in portfolio manager/trader's view has a track record of achieving the best result in terms of the relevant execution factors (taking into account the various Brokers' geographic and product coverage). As an additional safety measure, the relevant portfolio manager or trader should make use of limit orders to ensure that its orders are not executed at un-desirable prices.

Where, based on the relevant execution factors to which the relevant portfolio manager or trader has ascribed the most importance, the relevant portfolio manager or trader has decided to submit the order to a Broker for execution including using the Broker's algorithm, the relevant portfolio manager or trader should select the Broker/algorithm from among the list above that, in the relevant portfolio manager or trader view, has a track record of achieving the best result in terms of the relevant execution factors (taking into account the various Brokers' geographic and product coverage and the size and nature of the order). Where an algorithm is used that allows the relevant portfolio manager or trader to adjust the execution parameters, the parameters that are most consistent with delivering the best possible result for the client should be selected. As an additional safety measure, the relevant portfolio manager or trader should make use of limit orders to ensure that Miton's orders are not executed at undesirable prices.



Where, based on the relevant execution factors to which the relevant portfolio manager or trader has ascribed the most importance, the relevant portfolio manager or trader has decided to execute the order directly on/with an Execution Venue using a DMA system, the relevant portfolio manager or trader should submit an order type and validity that maximises the chances of the relevant best possible result being achieved.

On occasions where the relevant portfolio manager or trader decides (for example, because of the size of the order) that the best possible result can only be achieved by executing an OTC trade directly with a counterparty, the relevant portfolio manager or trader must usually obtain quotes from at least two such Execution Venues and ensure that the details of the quotes obtained are recorded (e.g. by using Bloomberg chat). However, in circumstances where the relevant portfolio manager or trader should make use considers that speed of execution, certainty of execution and/or market impact are important execution factors, he or she is permitted to deal on the basis of the prices quoted by/available on a single Execution Venue. For larger orders, the portfolio manager/trader may consider that the minimisation of market impact (under "Other relevant factors" above) will have greater importance. Where minimisation of market impact is taken into account in this manner, such orders may be split among multiple brokers.

(ii) Tick size liquidity bands 3 and 4 (from 80 to 1,999 trades per day)

List of Brokers and Execution Venues

Miton uses the following Brokers and Execution Venues in respect of transactions in financial instruments falling within this Instrument Class:

Please see the list of Brokers and Execution Venues for Class (A)(i).

Selection of execution factors and Execution Venue/Broker

Please see the list of "Selection of execution factors" section for Class (A)(i).

(iii) Tick size liquidity bands 5 and 6 (from 0 to 79 trades per day)

This Instrument Class covers less liquid equities and includes transactions in unlisted equities (e.g. private equity transactions).

List of Brokers and Execution Venues

Miton uses the following Brokers and Execution Venues in respect of transactions in financial instruments falling within this Instrument Class:

Please see the list of Brokers and Execution Venues for Class (A)(i).

Selection of execution factors and Execution Venue/Broker

The table below sets out the default hierarchy in terms of the relative importance of the execution factors that Miton expects its execution staff to apply when executing trades or selecting brokers for transactions in this asset class. Miton staff are, in appropriate circumstances, permitted to apply a different hierarchy but where they do so, they must record the alternative hierarchy that they used in the OMS at the time of placing the order or executing the trade. The default hierarchy in terms of the relative importance of the execution factors for this Instrument Class is as follows:

| Execution factor | Price | Costs | Speed | Likelihood of execution | Likelihood of settlement | Size | Nature | Other relevant factors |
|------------------|-------|-------|-------|-------------------------|--------------------------|------|--------|------------------------|
| Ranking | 3 | 6 | 7 | 2 | 1 | 4 | 5 | 8 |

Transactions in this Instrument Class will usually be executed by passing an order to a broker, by using a broker's algorithm or by using a DMA system to access the Execution Venue directly. Such orders may be executed via a direct OTC execution with a market maker and for this less liquid Instrument Class, direct execution with market makers or other counterparties will be more common than for the other equity Instrument Classes.

In deciding between the various execution methods, the relevant portfolio manager or trader should use the default hierarchy set out above or, in circumstances where it is appropriate to apply a different hierarchy should apply that alternative hierarchy and record it within Miton's OMS. The majority of equities transactions would be affected by passing an order to a relevant Broker rather than executing directly on or with an Execution Venue.

The most important execution factor for all trades in this Instrument Class is likelihood of settlement (because of the associated settlement risk (and resultant counterparty risk)). However, the above list of brokers is felt to contain only brokers who present an acceptable low-level settlement/counterparty risk.



The next most important execution factor (and the one that will, under normal circumstances, primarily be used to determine the choice of Broker or Execution Venue) is likelihood of execution. This is because for less liquid instruments, there are likely to be fewer sources of liquidity and finding such sources (i.e. likelihood of execution becomes a more important factor).

Where price is the next most important factor (after likelihood of settlement and execution), the relevant portfolio manager or trader should (where applicable) analyse live pricing readily available from Brokers via online feeds or directly on the order book of an Execution Venue and, where applicable, use the BTCA system, if relevant and the data available to the relevant portfolio manager or trader in relation to the prior performance of the relevant Brokers when executing trades in shares in that issuer/sector/geography and size. The trade should consider whether the best price is likely to be obtained by using a broker's execution algorithm. The relevant portfolio manager or trader should also consider the commission and other charges applicable to the different available execution methods.

Other execution factors, in particular, cost, size of order and speed of execution are permitted to be taken into account at the discretion of the relevant portfolio manager or trader as is appropriate for the size and nature of the relevant order in the order of the hierarchy set out above (or, in appropriate circumstances, and one or more of these other factors may displace price in the hierarchy, provided that the adjustment is recorded in Miton's OMS. Examples of situations where other execution factors may be ascribed greater importance are:

- (A) primary market transactions (IPOs/secondary issuances) where there may be only one or a small number of bookrunners from which to source liquidity where certainty of execution may be the most important factor;
- (B) block trades where a sell side counterparty approaches Miton in circumstances where the counterparty is the only source of liquidity for that volume and price (including buybacks by the issuer).
- (C) agreeing to the terms of a takeover offer/tender offer in respect of shares already held by Miton;
- (D) large orders which may need to be "worked" with skill in order to avoid the execution of the order having a detrimental impact on the price of the shares; and
- (E) transactions in unlisted equities (e.g. negotiated private equity transactions) where there may only be a single source of liquidity.

Where, based on the relevant execution factors to which the relevant portfolio manager or trader has ascribed the most importance, the relevant portfolio manager or trader has decided to pass an order to a Broker for execution, the relevant portfolio manager or trader will select a Broker from among the list above that, in portfolio manager/trader's view has a track record of achieving the best result in terms of the relevant execution factors (taking into account the various Brokers' geographic and product coverage). As an additional safety measure, the relevant portfolio manager or trader should make use of limit orders to ensure that its orders are not executed at un-desirable prices.

Where, based on the relevant execution factors to which the relevant portfolio manager or trader has ascribed the most importance, the relevant portfolio manager or trader has decided to submit the order to a Broker for execution including using the Broker's algorithm, the relevant portfolio manager or trader should select the Broker/algorithm from among the list above that, in the relevant portfolio manager or trader view, has a track record of achieving the best result in terms of the relevant execution factors (taking into account the various Brokers' geographic and product coverage and the size and nature of the order). Where an algorithm is used that allows the relevant portfolio manager or trader to adjust the execution parameters, the parameters that are most consistent with delivering the best possible result for the client should be selected. As an additional safety measure, the relevant portfolio manager or trader should make use of limit orders to ensure that Miton's orders are not executed at undesirable prices.

Where, based on the relevant execution factors to which the relevant portfolio manager or trader has ascribed the most importance, the relevant portfolio manager or trader has decided to execute the order directly on/with an Execution Venue using a DMA system, the relevant portfolio manager or trader should submit an order type and validity that maximises the chances of the relevant best possible result being achieved.

Where the relevant portfolio manager or trader decides (for example, because of the size of the order) that the best possible result can only be achieved by executing an OTC trade directly with a counterparty, the relevant portfolio manager or trader must usually obtain quotes from at least two such Execution Venues and ensure that the details of the quotes obtained are recorded (e.g. by using Bloomberg chat). However, in circumstances where the relevant portfolio manager or trader should make use considers that speed of execution, certainty of execution and/or market impact are important execution factors, he or she is permitted to deal on the basis of the prices quoted by/available on a single Execution Venue. For larger orders, the portfolio manager/trader may consider that the minimisation of market impact (under "Other relevant factors" above) will have greater importance. Where minimisation of market impact is taken into account in this manner, such orders may be split among multiple brokers.



For transactions in unlisted equities (e.g. private equity transactions), Article 64 of the main MiFID 2 Level 2 Regulation requires firms trading in “OTC products” to check the fairness of the price by gathering market data used in the estimation of the price of such products and, where possible, by comparing similar or comparable products. “OTC products” for these purposes means financial instruments that are not admitted to trading or traded on an EEA trading venue. As such, private equity would be an OTC product. It must be noted however that given the private nature of those transactions Miton is unable to access historical trading prices for unlisted equities. Therefore, in order to ensure price fairness in respect of private equity acquisition, Miton will rely on a thorough valuation process in order to determine the adequate price point where a bid (in the case of a competitive bid process) can be made or an agreement can be reached (in the case of a bilateral process) with the issuer. In the absence of availability of alternative pricing due to the one-off nature of such transactions, Miton procures price fairness via its credit investment process which may comprise where available an indicative comparison of the relevant asset’s investment return in light of its pricing as against a number of comparable assets from Miton’s own sources.

B. Debt instruments

This instrument class is split into two categories: (i) bonds; and (ii) money market instruments. Only category (i) is relevant to Miton.

(i) Bonds

This Instrument Class includes corporate and government bonds, convertible and exchangeable bonds, commercial paper, and covered bonds.

List of Execution Venues

Miton has arrangements with the following Execution Venues in relation to the execution of transactions in financial instruments falling within this Instrument Class.

| Execution Venues |
|----------------------------------|
| JP Morgan Chase Bank |
| Morgan Stanley & Co Intl plc |
| Citigroup Global Markets Limited |
| Bank of America Merrill Lynch |
| Deutsche Bank Securities |
| Investec Bank |
| Canaccord Genuity Limited |

Selection of execution factors and Execution Venues

The table below sets out the default hierarchy in terms of the relative importance of the execution factors that Miton expects its execution staff to apply when executing trades or selecting brokers for transactions in this asset class. Miton staff are, in appropriate circumstances, permitted to apply a different hierarchy but where they do so, they must record the alternative hierarchy that they used in the OMS at the time of placing the order or executing the trade. The default hierarchy in terms of the relative importance of the execution factors for this Instrument Class is as follows:

| Execution factor | Price | Costs | Speed | Likelihood of execution | Likelihood of settlement | Size | Nature | Other relevant factors |
|------------------|-------|-------|-------|-------------------------|--------------------------|------|--------|------------------------|
| Ranking | 2 | 5 | 6 | 3 | 1 | 4 | 7 | 8 |

Note that relationships with some of these Execution Venues have been established only for a particular client or clients and so they may not be available for all clients. Any decision to execute or place an order with a particular Execution Venue or Broker on behalf of a client will be made from the available pool of Execution Venues/Brokers for that client.

Transactions in this Instrument Class will be executed directly with An Execution venue (i.e. a counterparty) on an OTC basis.

The most important execution factor for all trades in this Instrument Class is likelihood of settlement (because of the associated settlement risk (and resultant counterparty risk)). However, the above list of Execution venues is felt to contain only brokers who present an acceptable low-level settlement/counterparty risk.



The next most important execution factor (and the one that will, under normal circumstances, primarily be used to determine the choice of Execution Venue) is price. In such circumstances, the relevant portfolio manager or trader will usually seek two separate quotes before deciding with which Execution Venue to trade on the basis of the best price.

Other execution factors, in particular, cost, size of order and speed of execution are permitted to be taken into account at the discretion of the relevant portfolio manager or trader as is appropriate for the size and nature of the relevant order in the order of the hierarchy set out above (or, in appropriate circumstances, and one or more of these other factors may displace price in the hierarchy, provided that the adjustment is recorded in Miton's OMS).

Where the bond is less liquid and the relevant portfolio manager or trader is concerned that obtaining multiple quotes may result in the market price moving in a manner which would be adverse to the client's interests, the relevant portfolio manager or trader may obtain, and deal on the basis of, a single quote, where the relevant portfolio manager or trader is confident that the provider of the quote (based on historic performance/activity) is likely to be able to provide the relevant liquidity at an attractive price.

In certain circumstances there may be very limited sources of liquidity for the bonds where there may, in effect, be no or little choice of Execution Venue. These include

- Primary market transactions (new issuances of debt) where there may be only one or a small number of bookrunners from which to source liquidity; and
- Block trades where a sell side counterparty approaches the firm where, the counterparty may be the only source of liquidity for that volume and price (including buy-backs by the issuer).

In certain circumstances, transactions may be initiated by the Execution Venue (e.g. by a dealer approaching Miton with an opportunity) rather than by Miton. In these circumstances, particularly where speed of execution, certainty of execution or market impact are perceived to be important execution factors, it will not always be desirable to check the available price against alternative sources and the portfolio manager or trader is permitted to deal with the Execution Venue that has approached it.

E. Currency derivatives

This Instrument Class is split into two categories: (i) futures and options admitted to trading on a trading venue; and (ii) swaps, forwards, and other currency derivatives. Only category (ii) is relevant to Miton.

(ii) Swaps, forwards, and other currency derivatives

List of Execution Venues

| Types of investment | Execution Venues |
|---------------------------|--|
| Foreign currency forwards | Bank of New York Mellon Brown Brothers Harriman (BBH) |

Note that relationships with some of these Execution Venues have been established only for a particular client or clients and so they may not be available for all clients. Any decision to execute with a particular Execution Venue on behalf of a client will be made from the available pool of Execution Venues for that client.

Selection of execution factors and Execution Venues

The table below sets out the default hierarchy in terms of the relative importance of the execution factors that Miton expects its execution staff to apply when executing trades or selecting brokers for transactions in this asset class. Miton staff are, in appropriate circumstances, permitted to apply a different hierarchy but where they do so, they must record the alternative hierarchy that they used in the OMS at the time of placing the order or executing the trade. The default hierarchy in terms of the relative importance of the execution factors for this Instrument Class is as follows:

| Execution factor | Price | Costs | Speed | Likelihood of execution | Likelihood of settlement | Size | Nature | Other relevant factors |
|------------------|-------|-------|-------|-------------------------|--------------------------|------|--------|------------------------|
| Ranking | 2 | 5 | 6 | 4 | 1 | 3 | 7 | 8 |

Miton invests in OTC derivative instruments to hedge against market risk or to gain exposure to an underlying asset. Such derivatives will be either standard contracts or will be structured contracts.

Trading derivative contracts off-exchange will be affected by Miton with Execution Venues that act as principal under master derivatives documentation such as ISDA master agreements. All such transactions are affected on a request-for-quote or negotiated deal basis. Miton has established appropriate master documentation with the following Execution Venues in relation to which, it will trade the following types of derivative contract.



The most important execution factor for all trades in this Instrument Class is likelihood of settlement (because of the associated settlement risk (and resultant counterparty risk)). However, the above list of brokers is felt to contain only brokers who present an acceptable low-level settlement/counterparty risk.

The next most important execution factor (and the one that will, under normal circumstances, primarily be used to determine the choice of Execution Venue) is price. Other execution factors, in particular, cost, size of order and speed of execution are permitted to be taken into account at the discretion of the relevant portfolio manager or trader as is appropriate for the size and nature of the relevant order in the order of the hierarchy set out above (or, in appropriate circumstances, and one or more of these other factors may displace price in the hierarchy, provided that the adjustment is recorded in Miton's [automated trade blotter/EMS/OMS]).

The portfolio manager or trader will usually check prices quoted by/available on at least two of the Execution Venues listed above. For larger trades, the portfolio manager/trader may consider that the minimisation of market impact will have greater importance. Where minimisation of market impact is taken into account in this manner, such trades may be split among multiple Execution Venues.

G. Equity derivatives

This Instrument Class is split into two categories: (i) options and futures admitted to trading on a reading venue; and (ii) swaps and other equity derivatives. Only category (i) is relevant to Miton.

(i) Options and futures admitted to trading on a reading venue

List of Brokers

| Type of Investment | Broker |
|-------------------------|---------------------------|
| Exchange Traded Options | GFI RBC Europe Limited |

Note that relationships with some of these Brokers/Execution Venues have been established only for a particular client or clients and so they may not be available for all clients. Any decision to execute with a particular Broker/Execution Venue on behalf of a client will be made from the available pool of Brokers/Execution Venues for that client.

Selection of execution factors and Execution Venues

The table below sets out the default hierarchy in terms of the relative importance of the execution factors that Miton expects its execution staff to apply when executing trades or selecting brokers for transactions in this asset class. Miton staff are, in appropriate circumstances, permitted to apply a different hierarchy but where they do so, they must record the alternative hierarchy that they used in the OMS at the time of placing the order or executing the trade. The default hierarchy in terms of the relative importance of the execution factors for this Instrument Class is as follows:

| Execution factor | Price | Costs | Speed | Likelihood of execution | Likelihood of settlement | Size | Nature | Other relevant factors |
|------------------|-------|-------|-------|-------------------------|--------------------------|------|--------|------------------------|
| Ranking | 1 | 4 | 6 | 2 | 8 | 3 | 5 | 7 |

Miton invests in exchange-traded equity options to hedge against market risk or to gain exposure to an underlying asset.

The majority of exchange-traded derivatives transactions will be affected by passing an order to a relevant Broker.

Exchange Traded Derivatives are settled using a Central Clearing Counterparty which reduces any concerns on the factor regarding the likelihood of settlement therefore the most important execution factor (and the one that will, under normal circumstances, primarily be used to determine the choice of Broker or Execution Venue) is price. Other execution factors, in particular, cost, size of order and speed of execution are permitted to be taken into account at the discretion of the relevant portfolio manager or trader as is appropriate for the size and nature of the relevant order in the order of the hierarchy set out above (or, in appropriate circumstances, and one or more of these other factors may displace price in the hierarchy, provided that the adjustment is recorded in Miton's [automated trade blotter/EMS/OMS]).

Where the order is to be passed to a Broker for execution, the portfolio manager or trader will select a Broker from among the list above that, in portfolio manager/trader's view has a track record of achieving the best result in terms of the relevant execution factors (taking into account the various Brokers' geographic and product coverage). As an additional safety measure, Miton makes use of limit orders to ensure that its orders are executed at desirable prices.

Where the order is to be executed directly with an Execution Venue, the portfolio manager or trader will usually check prices quoted by/available on at least two of the Execution Venues listed above. For larger orders, the portfolio manager/trader may consider that the minimisation of market impact will have greater importance. Where minimisation of market impact is taken into account in this manner, such orders may be split among multiple Brokers.



H. Securitized derivatives

This Instrument Class is split into two categories: (i) warrants and certificate derivatives; and (ii) other securitized derivatives. Only category (i) is relevant to Miton.

(i) Warrants and certificate derivatives

List of Brokers and Execution Venues

Miton uses the following Brokers and Execution Venues in respect of transactions in financial instruments falling within this Instrument Class:

Please see the list of Brokers and Execution Venues for Class (A)(i).

Selection of execution factors and Execution Venue/Broker

The table below sets out the default hierarchy in terms of the relative importance of the execution factors that Miton expects its execution staff to apply when executing trades or selecting brokers for transactions in this asset class. Miton staff are, in appropriate circumstances, permitted to apply a different hierarchy but where they do so, they must record the alternative hierarchy that they used in the OMS at the time of placing the order or executing the trade.

| Execution factor | Price | Costs | Speed | Likelihood of execution | Likelihood of settlement | Size | Nature | Other relevant factors |
|------------------|-------|-------|-------|-------------------------|--------------------------|------|--------|------------------------|
| Ranking | 2 | 3 | 4 | 7 | 1 | 5 | 6 | 8 |

Transactions in this category Instrument Class will usually be executed by passing an order to a broker, by using a broker's algorithm or by using a DMA system to access the Execution Venue directly. Occasionally, such orders may be executed via a direct OTC execution with a market maker.

In deciding between the various execution methods, the relevant portfolio manager or trader should use the default hierarchy set out above or, in circumstances where it is appropriate to apply a different hierarchy should apply that alternative hierarchy and record it within Miton's OMS. The majority of warrant and depositary receipt transactions would be affected by passing an order to a relevant Broker rather than executing directly on or with an Execution Venue.

The most important execution factor for all trades in this Instrument Class is likelihood of settlement (because of the associated settlement risk (and resultant counterparty risk)). However, the above list of brokers is felt to contain only brokers who present an acceptable low-level settlement/counterparty risk.

The next most important execution factor (and the one that will, under normal circumstances, primarily be used to determine the choice of Broker or Execution Venue) is price.

Where price is the most important factor (after likelihood of settlement), the relevant portfolio manager or trader should analyse live pricing readily available from Brokers via online feeds or directly on the order book of an Execution Venue and, where applicable, use the BTCA system, if relevant and the data available to the relevant portfolio manager or trader in relation to the prior performance of the relevant Brokers when executing trades in shares in that issuer/sector/geography and size. The trade should consider whether the best price is likely to be obtained by using a broker's execution algorithm. The relevant portfolio manager or trader should also consider the commission and other charges applicable to the different available execution methods.

Other execution factors, in particular, cost, size of order and speed of execution are permitted to be taken into account at the discretion of the relevant portfolio manager or trader as is appropriate for the size and nature of the relevant order in the order of the hierarchy set out above (or, in appropriate circumstances, and one or more of these other factors may displace price in the hierarchy, provided that the adjustment is recorded in Miton's OMS. Examples of situations where other execution factors may be ascribed greater importance are:

- (A) primary market transactions (warrant/depositary receipt issuances) where there may be only one or a small number of bookrunners from which to source liquidity where certainty of execution may be the most important factor;
- (B) block trades where a sell side counterparty approaches Miton in circumstances where the counterparty is the only source of liquidity for that volume and price (including buybacks by the issuer).
- (C) agreeing to the terms of a takeover offer/tender offer in respect of shares already held by Miton; and
- (D) large orders which may need to be "worked" with skill in order to avoid the execution of the order having a detrimental impact on the price of the shares;
- (E) transactions in unlisted warrants/depositary receipts (e.g. negotiated private transactions) where there may only be a single source of liquidity.



Where, based on the relevant execution factors to which the relevant portfolio manager or trader has ascribed the most importance, the relevant portfolio manager or trader has decided to pass an order to a Broker for execution, the relevant portfolio manager or trader will select a Broker from among the list above that, in portfolio manager/trader's view has a track record of achieving the best result in terms of the relevant execution factors (taking into account the various Brokers' geographic and product coverage). As an additional safety measure, the relevant portfolio manager or trader should make use of limit orders to ensure that its orders are not executed at undesirable prices.

Where, based on the relevant execution factors to which the relevant portfolio manager or trader has ascribed the most importance, the relevant portfolio manager or trader has decided to submit the order to a Broker for execution including using the Broker's algorithm, the relevant portfolio manager or trader should select the Broker/algorithm from among the list above that, in the relevant portfolio manager or trader view, has a track record of achieving the best result in terms of the relevant execution factors (taking into account the various Brokers' geographic and product coverage and the size and nature of the order). Where an algorithm is used that allows the relevant portfolio manager or trader to adjust the execution parameters, the parameters that are most consistent with delivering the best possible result for the client should be selected. As an additional safety measure, the relevant portfolio manager or trader should make use of limit orders to ensure that Miton's orders are not executed at undesirable prices.

Where, based on the relevant execution factors to which the relevant portfolio manager or trader has ascribed the most importance, the relevant portfolio manager or trader has decided to execute the order directly on/with an Execution Venue using a DMA system, the relevant portfolio manager or trader should submit an order type and validity that maximises the chances of the relevant best possible result being achieved.

On occasions where the relevant portfolio manager or trader decides (for example, because of the size of the order) that the best possible result can only be achieved by executing an OTC trade directly with a counterparty, the relevant portfolio manager or trader must usually obtain quotes from at least two such Execution Venues and ensure that the details of the quotes obtained are recorded (e.g. by using Bloomberg chat). However, in circumstances where the relevant portfolio manager or trader should make use considers that speed of execution, certainty of execution and/or market impact are important execution factors, he or she is permitted to deal on the basis of the prices quoted by/available on a single Execution Venue. For larger orders, the portfolio manager/trader may consider that the minimisation of market impact (under "Other relevant factors" above) will have greater importance. Where minimisation of market impact is taken into account in this manner, such orders may be split among multiple brokers.

For transactions in unlisted warrants/depository receipts (e.g. private transactions), Article 64 of the main MiFID 2 Level 2 Regulation requires firms trading in "OTC products" to check the fairness of the price by gathering market data used in the estimation of the price of such products and, where possible, by comparing similar or comparable products. "OTC products" for these purposes means financial instruments that are not admitted to trading or traded on an EEA trading venue. As such, unlisted warrants/depository receipts would be an OTC product. It must be noted however that given the private nature of those transactions Miton is unable to access historical trading prices for unlisted warrants/depository receipts. Therefore, in order to ensure price fairness in respect of such transactions Miton will rely on a thorough valuation process in order to determine the adequate price point where a bid (in the case of a competitive bid process) can be made or an agreement can be reached (in the case of a bilateral process) with the issuer. In the absence of availability of alternative pricing due to the one-off nature of such transactions, Miton procures price fairness via its credit investment process which may comprise where available an indicative comparison of the relevant asset's investment return in light of its pricing as against a number of comparable assets from Miton's own sources.

K. Exchange traded products (exchange traded funds, exchange traded notes and exchange traded commodities)

List of Brokers and Execution Venues

Miton uses the following Brokers and Execution Venues in respect of transactions in financial instruments falling within this Instrument Class:

Please see the list of Brokers and Execution Venues for Class (A)(i).

Selection of execution factors and Execution Venue/Broker

The table below sets out the default hierarchy in terms of the relative importance of the execution factors that Miton expects its execution staff to apply when executing trades or selecting brokers for transactions in this asset class. Miton staff are, in appropriate circumstances, permitted to apply a different hierarchy but where they do so, they must record the alternative hierarchy that they used in the OMS at the time of placing the order or executing the trade.

| Execution factor | Price | Costs | Speed | Likelihood of execution | Likelihood of settlement | Size | Nature | Other relevant factors |
|------------------|-------|-------|-------|-------------------------|--------------------------|------|--------|------------------------|
| Ranking | 2 | 3 | 6 | 5 | 1 | 4 | 7 | 8 |



Transactions in this category Instrument Class will usually be executed by passing an order to a broker, by using a broker's algorithm or by using a DMA system to access the Execution Venue directly. Occasionally, such orders may be executed via a direct OTC execution with a market maker.

In deciding between the various execution methods, the relevant portfolio manager or trader should use the default hierarchy set out above or, in circumstances where it is appropriate to apply a different hierarchy should apply that alternative hierarchy and record it within Miton's automated trade OMS. The majority of ETF transactions would be affected by passing an order to a relevant Broker rather than executing directly on or with an Execution Venue.

The most important execution factor for all trades in this Instrument Class is likelihood of settlement (because of the associated settlement risk (and resultant counterparty risk)). However, the above list of brokers is felt to contain only brokers who present an acceptable low-level settlement/counterparty risk.

The next most important execution factor (and the one that will, under normal circumstances, primarily be used to determine the choice of Broker or Execution Venue) is price.

Where price is the most important factor (after likelihood of settlement), the relevant portfolio manager or trader should analyse live pricing readily available from Brokers via online feeds or directly on the order book of an Execution Venue and, where applicable, use the BTCA system, if relevant and the data available to the relevant portfolio manager or trader in relation to the prior performance of the relevant Brokers when executing trades in shares in that issuer/sector/geography and size. The trade should consider whether the best price is likely to be obtained by using a broker's execution algorithm. The relevant portfolio manager or trader should also consider the commission and other charges applicable to the different available execution methods.

Other execution factors, in particular, cost, size of order and speed of execution are permitted to be taken into account at the discretion of the relevant portfolio manager or trader as is appropriate for the size and nature of the relevant order in the order of the hierarchy set out above (or, in appropriate circumstances, and one or more of these other factors may displace price in the hierarchy, provided that the adjustment is recorded in Miton's OMS). Examples of situations where other execution factors may be ascribed greater importance are:

- (A) primary market transactions (ETF issuances) where there may be only one or a small number of bookrunners from which to source liquidity where certainty of execution may be the most important factor;
- (B) block trades where a sell side counterparty approaches Miton in circumstances where the counterparty is the only source of liquidity for that volume and price (including buybacks by the issuer).
- (C) agreeing to the terms of a takeover offer/tender offer in respect of shares already held by Miton; and
- (D) large orders which may need to be "worked" with skill in order to avoid the execution of the order having a detrimental impact on the price of the shares.

Where, based on the relevant execution factors to which the relevant portfolio manager or trader has ascribed the most importance, the relevant portfolio manager or trader has decided to pass an order to a Broker for execution, the relevant portfolio manager or trader will select a Broker from among the list above that, in portfolio manager/trader's view has a track record of achieving the best result in terms of the relevant execution factors (taking into account the various Brokers' geographic and product coverage). As an additional safety measure, the relevant portfolio manager or trader should make use of limit orders to ensure that its orders are not executed at undesirable prices.

Where, based on the relevant execution factors to which the relevant portfolio manager or trader has ascribed the most importance, the relevant portfolio manager or trader has decided to submit the order to a Broker for execution including using the Broker's algorithm, the relevant portfolio manager or trader should select the Broker/algorithm from among the list above that, in the relevant portfolio manager or trader view, has a track record of achieving the best result in terms of the relevant execution factors (taking into account the various Brokers' geographic and product coverage and the size and nature of the order). Where an algorithm is used that allows the relevant portfolio manager or trader to adjust the execution parameters, the parameters that are most consistent with delivering the best possible result for the client should be selected. As an additional safety measure, the relevant portfolio manager or trader should make use of limit orders to ensure that Miton's orders are not executed at undesirable prices.

Where, based on the relevant execution factors to which the relevant portfolio manager or trader has ascribed the most importance, the relevant portfolio manager or trader has decided to execute the order directly on/with an Execution Venue using a DMA system, the relevant portfolio manager or trader should submit an order type and validity that maximises the chances of the relevant best possible result being achieved.

On occasions where the relevant portfolio manager or trader decides (for example, because of the size of the order) that the best possible result can only be achieved by executing an OTC trade directly with a counterparty, the relevant portfolio manager or trader must usually obtain quotes from at least two such Execution Venues and ensure that the details of the quotes obtained are recorded (e.g. by using Bloomberg chat). However, in circumstances where the relevant portfolio manager or trader should make use considers that speed of execution, certainty of execution and/or market impact are important execution factors, he or she is permitted to deal on the basis of the prices quoted by/available on



a single Execution Venue. For larger orders, the portfolio manager/trader may consider that the minimisation of market impact (under “Other relevant factors” above) will have greater importance. Where minimisation of market impact is taken into account in this manner, such orders may be split among multiple brokers.

M. Other instruments

List of Brokers and Execution Venues

For these purposes, other instruments traded by Miton are units in collective investment undertakings (CIUs) other than ETFs.

For CIUs in this Instrument Class, there is no secondary market and it is almost invariably the case that Miton will place an order for the purchase or sale of units with the operator or manager or administrator of the fund. The “Broker” or “Execution Venue” for such transactions would therefore always be the operator/manager/administrator (as appropriate). Transactions are affected at the net asset value of the CIS. Certainty of execution (i.e. the ability to execute the order) is the most important factor.

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