

Best Execution Policy Summary

I. SCOPE AND PURPOSE

1.0 What is the purpose of this Policy?

This Policy provides general information in respect to Arlington Capital Limited's (*Arlington/the firm/we/us*) approach to Best Execution. This Best Execution Policy summarises the general basis on which we provide best execution as required by the European Union's Markets in Financial Instruments Directive 2 (known as "MiFID 2") and by the rules, guidance, principles and codes in the handbook of Rules and Guidance issues by the UK Financial Conduct Authority or any successor regulatory body or bodies (the "FCA"). This Policy is also underpinned by the firm's order execution policy.

2.0 When does the policy apply?

2.1 Clients

In adherence with regulatory requirements, we classify clients as Professional Clients or Eligible Counterparties (we do not have the regulatory permission to deal with Retail Clients). Different levels of investor protection and product offering apply to each client category and clients can in certain circumstances choose to change classification. The obligation to provide Best Execution is applicable to clients categorised as Retail or Professional Clients – both "per se" and "elective" Professionals - of the firm. We are under no obligation to provide "best execution" to Eligible Counterparties.

At the time of the drafting of this document, Arlington delivers the service of portfolio management (as defined under the MiFID 2 Rules) to a self-managed UCITS product domiciled in Malta. As a portfolio manager, Arlington has a duty under COBS 11.2.30R to act in the best interests of its clients when undertaking portfolio management duties.

When Arlington makes discretionary investment decisions, it passes the order to the custodian bank of the Hanson Income Fund which is a UCITS 5 fund (Sparkasse Bank Malta Plc) which then instructs brokers to execute the transactions on its behalf.

Arlington fulfils its duty to act in the best interest of clients by ensuring it regularly reviews the best execution processes of Sparkasse to ensure that its processes and the weight it places on key execution criteria reflect the considerations of Arlington. We also monitor the quality of execution achieved by Sparkasse weekly to ensure that the arrangement is, on balance, in the best interests of our client.

2.2 Products

This Policy applies to all designated investments as defined in the Regulated Activities Order.

Please refer to Annex 1 of this policy or to Annex 1 of the Regulatory Technical Standards (RTS) 28 for a list of applicable instruments.

Furthermore, we are aware that there will be key differences in market structures and it may be difficult to identify and apply a uniform standard that will be effective for all financial instruments. Therefore, we will consider all circumstances surrounding the execution of orders for particular types of financial instrument and differentiate our policy, where appropriate, between different types of client (where they have different desired investment/execution outcomes) and between liquid and illiquid instruments.

II. ACHIEVING BEST EXECUTION POLICY

3.0 What does Best Execution mean?

“Best Execution” means that Arlington must take all sufficient steps to obtain, when executing orders, the best possible results for clients, taking into account the execution factors.

Arlington is committed to complying with this policy and will take steps to monitor, review and update the policy to ensure that it continues to achieve such results. The Policy will be formally reviewed at least annually and at any time where there is a material change in the services we offer or the method of executing transactions.

The firm does not act as a broker in designated investments and only acts as a portfolio manager. The firm is therefore obliged to act in the best interests of its clients when it executes discretionary transactions to deal on behalf of others.

4.0 What factors do we take into consideration?

In order to achieve the best results, Arlington will consider and assess the relative importance of the following factors;

- 1) **Price** – The price at which the transaction in the financial instrument is executed.
- 2) **Costs** – Costs that surround the possible market impact or external costs. For example, exchange or clearing fees. Other costs may include internal costs such as remuneration through commission or spread.
- 3) **Speed** – The time it takes to execute a client transaction including settlement. This is not generally critical as the firm makes longer term investments and is therefore more concerned with the price and costs of execution than with rapid execution, especially in volatile markets.
- 4) **Likelihood of execution and settlement** - The likelihood that we will be able to complete a client transaction. This is more applicable in less liquid markets or in securities that are generally less liquid (e.g. AIM securities in the UK). As our investment universe generally

consists of listed, main market UK entities, this is less of a consideration.

5) **Size** - The size of the transaction executed for the client, and how this will affect the price of execution (we are under a legal obligation not to trade in such a manner as may unreasonably distort the price of a listed security).

6) **Nature** -Any other considerations concerning the nature of the transaction and how this might affect the attainment of the best possible result for the client.

While total consideration (price and costs) are generally key factors to Retail Clients (as required by the FCA Rules) and they are also important to Professional Clients, the overall value of a particular transaction may be affected by the other factors listed above. Arlington Capital does not act for retail clients. Given the nature of the trading style (longer term positions/holds) and the nature of the underlying investors in the UCITS (Retail Investors), we consider that using speed, price and costs as the primary determinants, subject to other factors on an “as arising” basis, is central to our demonstrating we have acted in our clients’ best interests. As indicated, we may conclude factors other than price and costs are more important in achieving the best possible result for you the client. The relative importance of each of the factors will differ depending on:

- your categorisation as a *per se* or elective Professional Client;
- any special objectives you may have in relation to the execution of the transaction entered into on your behalf;
- the characteristics of your transaction entered into on your behalf;
- the characteristics of the financial instruments to which the transaction relates; and
- the characteristics of the venues (if there is more than one) to which the transaction may be directed.

We are required to provide an account of the relative importance of the execution factors, with reference to the relevant criteria (see above) and the process by which the firm determines the relative importance of those factors. This is outlined below in the “Reporting and Ongoing Monitoring” section of this policy.

5.0 How do we apply best execution to retail clients?

Arlington is not regulated to act on behalf of Retail Clients. However Arlington will execute ALL transactions primarily by making sure the best possible result is represented by the price of the financial instrument and the costs related to execution. These costs will include execution venue fees, clearing and settlement fees and any other fees paid to third parties involved in the execution of the order.

The firm will take into consideration all factors that will allow the best possible result in terms of the total consideration, representing the price of the financial instrument and the costs related to execution. Speed, likelihood of execution and settlement, the size and nature of the

order, market impact and any other implicit transaction costs may be given precedence over the immediate price and cost if they provide the best possible result in terms of the overall consideration to the client and are in the best interests of the client.

This is particularly relevant when trading in large size, or in illiquid securities (equities or fixed income).

III. COMPLIANCE WITH CLIENT INSTRUCTIONS

6.0 What happens if you give us specific instructions on how to execute your order?

As a portfolio manager, we have the right to act with total discretion (within the constraints of any investment mandate). However in the rare circumstances where we have accepted your instructions with respect to the execution of a transaction, whether or not we have given you advice on any aspect of it, we will follow those instruction to the extent it is possible for us to do so and this may impact on our ability to follow fully our arrangements for achieving the best possible result on your behalf.

The Policy will not apply where we accept and follow your specific instructions when executing a transaction or a specific part of a transaction, although the Policy will apply to other aspects of the order to the extent that they are not covered by your instructions.

To clarify:

Where you instruct us to execute an order for you at a particular price (for example, a subscription to subscribe for units in a fund, in a structured product or in other securities at a specific price) we will execute the order as a specific price we have quoted to you. Where you instruct us to execute your order on a particular venue, we will not be responsible for selecting the venue. Where you instruct us to execute your order at a particular time or over a particular period, regardless of the price available, we will endeavour to execute your order at that time or over that period in the best possible manner but will not be responsible for the timing or any of the consequences for price or other factors that results from the timing of execution.

IV. EXECUTION VENUES

7.0 How do we deliver best execution where there are competing execution venues?

For the purposes of MiFID 2, a “venue” includes an exchange, a multilateral trading facility and a systematic internaliser or broker trading as matched principal. Unless we agree with you otherwise, we will use a selection of venues that will be reviewed periodically.

A list of the venues and brokers we currently use is set out below. We are required to provide a list of the execution venues for each class of financial instrument on which the firm places

significant reliance, and this is set out below and should be read in the context of how we execute transactions set out in section 2 above;

Sparkasse Bank Malta plc (“Sparkasse”), 101 Townsquare, Ix-Xatt ta' Qui-si-Sana, Sliema SLM3112, MALTA

Where the transaction is executed by Sparkasse using its preferred brokers, we will review periodically the execution quality achieved by these brokers to ensure that they and Sparkasse are providing best execution taking into account all orders executed during the review period.

Where it appears in a particular case that better execution is available from a broker that we do not ordinarily use, we may use such other broker on a case-by-case basis.

8.0 How will we execute orders outside of a regulated market?

Arlington may arrange for the execution of all or part of a client order outside of a Trading Venue where this will provide better execution than on-exchange transactions. By signing the investment management agreement you have consented to our executing transactions in this manner.

V. REPORTS AND ONGOING MONITORING

10.0 How will we be publishing information on execution quality?

In accordance with COBS 11.2A.39 and Article 3(2) of RTS 28, Arlington is now obliged to report and publish the top five trading venues used on an annual basis. The reports will be made available on the company website and they will include the following:

An Annual Top 5 Execution Venue Report

- class of financial instruments;
- venue name and identifier;
- volume of discretionary transactions executed on that execution venue expressed as a percentage of total executed volume;
- number of discretionary transactions executed on that execution venue expressed as a percentage of total executed discretionary transactions;
- percentage of the executed orders referred to above that were passive and aggressive transactions;
- percentage of orders referred to above that were directed transactions;
- confirmation of whether the venue has executed an average of less than one trade per business day in the previous year in that class of financial instruments.

Venues

- an explanation of the relative importance the firm gave to the execution factors of price, costs, speed, likelihood of execution or any other consideration including qualitative factors when assessing the quality of execution;
- a description of any close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute transactions;
- a description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received;
- an explanation of the factors that led to a change in the list of execution venues listed in the firm's execution policy, if such a change occurred;
- an explanation of how order execution differs according to client categorisation, where the firm treats categories of clients differently and where it may affect the order execution arrangements;
- an explanation of whether other criteria were given precedence over immediate price and cost when executing retail client orders and how these other criteria were instrumental in delivering the best possible result in terms of the total consideration to the client;
- an explanation of how the investment firm has used any data or tools relating to the quality of execution.

VI. UPDATING THE POLICY

How often will we update the Policy?

We will update the Policy periodically (at least annually) as and when appropriate based on a material change to our business.

How can you obtain the most recent version of the Policy?

We expect to post the most recent version of the Policy on the website at www.arlingtoncapital.ltd. If you would like to receive a copy of the most recent Policy, please contact us in the manner described in section VII below.

VII. CONTACT DETAILS

How do you contact Arlington in connection with this Policy?

If you have queries about the Policy, please contact info@arlingtoncapital.ltd or call 0203 943 2640.

Annex 1 A list of financial instruments that Arlington Capital trades

(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
- (ii) Money markets instruments

(c) FX

- (iii) Spot FX trades

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