
Epworth Investment Management Ltd Order Execution & Allocation Policy

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OUTLINE FOR ORDER EXECUTION POLICY

This Order Execution Policy, which includes the Allocation Policy, applies to Epworth Investment Management Limited (EIM). It covers all transactions and all financial instruments executed on behalf of EIM's clients. Specifically, this includes the execution of orders on clients' behalf (where EIM acts a discretionary fund manager) and receiving and transmitting client orders. It excludes orders for mandates delegated to third parties, in which circumstances the third party's order execution policy will apply. Where clients are referred to in this Policy, they are deemed to include funds managed by EIM.

EIM is required to establish and implement effective arrangements for complying with the obligation to take all sufficient steps to obtain the best possible result for EIM clients when executing orders and when placing orders with third parties for Execution. From January 3rd, 2018 EIM has been transacting all market orders via a third-party provider, **Northern Trust** (NT) which executes the trades. NT is responsible for obtaining Best Execution on EIMs order flow and will be providing Best Execution monitoring data on a monthly basis to enable EIM to carry out an ongoing assessment to ensure it is satisfied with the results. This is with the exception of one segregated discretionary account "The Congregation of the Religious of the Assumption" (RotA). Due to constraints of housing this account on the platform AJ Bell, who do not have the capability to deliver TCA on Best Execution, it has been agreed by the Epworth Board that Best Execution will be monitored manually on a quarterly basis. This will equate to very few trades but will satisfy MiFID II requirements.

With the exception of the counterparties to the Epworth Cash Plus Fund for Charities, NT will be EIMs only counterparty. A link to a copy of NTs Order Execution policy can be located on our EIM website <https://www.northerntrust.com/documents/legal/mifid/nt-order-execution-policy.pdf>

INTRODUCTION

The objective of this Policy is to establish, implement, monitor and review the portfolio management activities of EIM to ensure the best possible result for clients. This Policy discloses our portfolio management policies, procedures and controls in accordance with the regulations and the requirements of Directives such as the Markets in Financial Instruments Directive ('MiFID') and the Alternative Investment Fund Management Directive ('AIFMD'). This Policy will be reviewed annually. This Policy sets out the standards required under MiFID II. Where a firm undertakes the business of both Managing an AIF under AIFMD and the MiFID Investment Service of Portfolio Management, the firm may decide to adopt a different (AIFMD-compliant) Order Execution Policy for its AFM activities from that it adopts for its MiFID Portfolio Management business.

BEST EXECUTION OBLIGATION

Alternative Investment Fund Managers (AIFMs) authorised under the AIFMD, when undertaking the MiFID Investment Service of Portfolio Management, are required to act in accordance with the best interests of its client when placing orders with other entities for execution that result from decisions by the firm to deal in financial instruments, on behalf of its client. This, in turn, requires firms to take all sufficient steps to obtain the best possible result for their clients when placing orders with other entities for execution that result from decisions by the firm to deal in financial instruments on behalf of its client, taking into account the Execution Factors of:

- (a) Price
- (b) Costs
- (c) Speed
- (d) Likelihood of execution and settlement
- (e) Size
- (f) Value
- (g) Type and Characteristics of the financial instrument
- (h) Any other factor relevant to the execution of the order.

The relative importance of these Execution Factors is to be determined by reference to the Execution Criteria.

THE EXECUTION CRITERIA

The Execution Criteria is as follows:

- (a) the characteristics of the client, including the categorisation of the client as retail or professional;
- (b) the characteristics of the client order;
- (c) the characteristics of financial instruments that are the subject of that order;
- (d) the characteristics of the execution venues to which that order can be directed.

SCOPE

Where the Firm's client is a professional client, in general EIM would expect price to be the most significant factor in the execution of transactions unless instructed otherwise by the client. However, there may be circumstances where depending on the nature of the transaction other factors should be prioritised over price. EIM owes a professional client a duty of best execution, where they provide EIM with specific instructions in relation to the entire transaction, or any particular aspect of the transaction, then EIM will arrange for the transaction to be executed in accordance with those instructions and in doing so have satisfied best execution obligations. Where such a professional client's instructions relate to only part of the transaction, the remaining element not covered by their instructions will remain subject to Best Execution requirements.

Where the Firm's client is a Retail client, then EIM must determine the best possible result in terms of the total consideration, representing the price of the financial instrument and the costs relating to execution, which shall include all expenses incurred by the client directly relating to the execution of the order, including execution venue fees, clearing and settlement fees and any other fees paid to third parties involved in the execution of the order.

TYPES OF FINANCIAL INSTRUMENTS

Reference Page 13 (Order Types and scenario Analysis) Northern Trust Order Execution Policy.

From January 2018, all EIM transactions have been executed through Northern Trust (NT). NT is thus the only counterparty of EIM (with the exception of the Epworth Cash Plus Fund for Charities approved deposit takers which are listed on page 5 and Foreign Exchange orders which are currently transacted through HSBC).

Orders generated are transmitted to NT via a Bloomberg Terminal, either via the TSOX (Trading Systems Order Exchange) or ESMX (Execution Management System Exchange); the type of Bloomberg exchange used is determined by the asset class of the order.

Once the order has been transmitted to NT, EIMs designated Sales Traders will transact the order in line with best execution parameters. An execution report will be issued once the order has been completed.

General Principles

EIM has established and implemented procedures and arrangements in respect of all the client orders which provide for the prompt, fair and expeditious execution (i) of all client orders, relative to other orders; and (ii) of portfolio transactions on behalf of the funds managed. EIMs order execution policy ensures that when carrying out client orders (including portfolio transactions on behalf of the funds managed):

- Orders executed on behalf of clients are promptly and accurately recorded and allocated; and;
- Otherwise, comparable orders are carried out sequentially and promptly unless the characteristics of the order or prevailing market conditions make this impracticable, or the interests of the client require otherwise.

EIM has systems in place to ensure that when orders are executed for clients by NT, including the funds managed by EIM, any client financial instrument or client funds received in settlement of that executed order are promptly and correctly delivered to the account of the appropriate client. Lastly EIM has in place internal rules and procedures aimed at preventing the misuse of information relating to client order.

Abnormal Market Conditions

This Policy may not apply at a time of severe market turbulence, and / or internal or external system failure where instead the ability to execute the order on a timely basis, or at all, will become the primary factor.

EPWORTH CASH PLUS FUND FOR CHARITIES COUNTERPARTY REVIEW PROCESS

The counterparty list (lending limit list) is reviewed twice a year by the Epworth Board. The review process takes into account banks' size, credit ratings and financial strength. If bank credit strength deteriorates between reviews, the Fund Manager automatically reduces counterparty limits. If bank credit strength improves, then increases to counterparty limits must wait until the next Epworth Board review to be implemented.

List of approved deposit takers which are subject to change on a 6 monthly review process: -

Bank Lending Limit List

As at 31 January 2022

	No. of P-1 Short Term Ratings	Moody's	Long Term Rating S&P	Fitch	Average Score	Total Assets \$ million	Asset Rank	Tier 1 Capital Rank	Notes	Limit
£90 million (Category 3 - Average score of 2.4 to 3.4)										
State Street Bank and Trust (sub of State Street Corp)	3	Aa1	AA-	AA	3.00	314,706	94	105	(v)	90
DBS Bank	3	Aa1	AA-	AA-	3.33	492,377	66	57	-	90
JP Morgan Chase Bank (sub of JP Morgan Chase & Co)	3	Aa1	A+	AA	3.33	3,386,071	5	5	(ix)	90
Korea Development Bank	3	Aa2	AA	AA-	3.33	280,328	102	63	-	90
Royal Bank of Canada	3	Aa	AA-	AA-	3.33	1,221,465	26	39	-	90
Svenska Handelsbanken	3	Aa2	AA-	AA-	3.33	383,287	81	101	(xvi)	90
Toronto Dominion Bank	3	Aa1	AA-	AA-	3.33	1,290,124	22	41	-	90
£85 million (Category 4 - Average score of 3.4 to 4.4)										
DnB NOR Bank	2	Aa2	AA-	WD	3.50	342,197	87	85	-	85
Handelsbanken plc	2	NR	AA-	AA	3.50	383,287	81	101	(xvi)	85
DZ Bank	3	Aa1	A+	AA-	3.67	734,041	47	66	-	85
Wells Fargo Bank (sub of Wells Fargo & Co)	3	Aa1	A+	AA-	3.67	1,955,163	14	9	(i)	85
Bank of Montreal	3	Aa2	A+	AA-	4.00	713,730	48	59	-	85
Bank of Nova Scotia (Scotiabank)	3	Aa2	A+	AA-	4.00	854,486	42	52	(ii)	85
Canadian Imperial Bank of Commerce	3	Aa2	A+	AA-	4.00	578,610	58	77	-	85
Nordea Bank	3	Aa3	AA-	AA-	4.00	681,679	51	58	-	85
SEB Banken	3	Aa2	A+	AA-	4.00	371,691	83	100	-	85
ANZ Banking Group	3	Aa3	AA-	A+	4.33	739,210	46	54	-	85
Commonwealth Bank of Australia Group	3	Aa3	AA-	A+	4.33	614,585	47	55	-	85
National Australia Bank	3	Aa3	AA-	A+	4.33	572,381	51	55	-	85
Rabobank Nederland	3	Aa2	A+	A+	4.33	780,565	45	44	-	85
Union Bank of Switzerland	3	Aa3	A+	AA-	4.33	1,125,765	34	36	-	85
Westpac Banking Corp	3	Aa3	AA-	A+	4.33	646,770	55	53	-	85
£80 million (Category 5 - Average score of 4.4 to 5.4)										
BNP Paribas	3	Aa3	A+	A+	4.67	3,072,211	7	13	-	80
Citibank NA	3	Aa3	A+	A+	4.67	2,260,330	11	7	(xii)	80
Credit Agricole	3	Aa3	A+	A+	4.67	2,737,669	10	12	(xiv)	80
Credit Agricole CIB (sub of Credit Agricole)	3	Aa3	A+	A+	4.67	2,737,669	10	12	(xiv)	80
HSBC Bank UK plc (sub of HSBC Holdings plc)	3	A1	A+	AA-	4.67	2,984,164	8	8	(xiii)	80
HSBC Bank plc (sub of HSBC Holdings plc)	3	A1	A+	AA-	4.67	2,984,164	8	8	(xiii)	80
ING Bank (sub of ING Group)	3	A1	A+	AA-	4.67	1,157,258	31	36	(vi)	80
Bank of New York Mellon	3	A1	A	AA-	5.00	469,633	69	76	-	80
Bank of Scotland plc (subsidiary of Lloyds Banking Group plc)	3	A1	A	A+	5.00	1,161,692	30	42	(x)	80
Credit Industriel et Commercial (sub of Credit Mutuel)	3	Aa3	A	A+	5.00	1,261,247	24	30	(iii)	80
Credit Mutuel	3	Aa3	A	A+	5.00	1,261,247	24	30	(iii)	80
Goldman Sachs Intl Bank	3	A1	A+	A+	5.00	1,163,040	29	16	(xviii)	80
KBC Bank (sub of KBC Group)	3	A1	A+	A+	5.00	395,979	77	83	-	80
Lloyds Bank plc - (sub of Lloyds Banking Group Plc)	3	A1	A+	A+	5.00	1,161,692	30	42	(x)	80
Shinhan Bank	3	Aa3	A+	A	5.00	556,281	62	61	-	80
State Street Corp	2	A1	A	AA-	5.00	314,706	94	105	(v)	80
Barclays Bank UK Plc (sub of Barclays Plc)	3	A1	A	A+	5.33	1,799,352	17	27	(viii)	80
Barclays Bank Plc (sub of Barclays Plc)	3	A1	A	A+	5.33	1,799,352	17	27	(viii)	80
Credit Suisse (sub of Credit Suisse Group)	3	A1	A+	A	5.33	915,707	39	38	-	80
Helaba Bank (Landesbank Hessen-Thüringen)	2	Aa3	A-	A+	5.33	270,770	105	154	-	80
Lloyds Bank Corporate Markets	3	A1	A	A+	5.33	1,065,988	36	43	(x)	80
National Westminster Bank (Ring-Fenced entity, sub of Nat West Group)	3	A1	A	A+	5.33	1,065,988	36	43	(xix)	80
Nationwide BS	3	A1	A+	A	5.33	306,223	97	121	-	80
Santander UK plc - (sub of Banco Santander)	3	A1	A	A+	5.33	1,862,037	15	17	(xv)	80
Standard Chartered Bank	3	A1	A	A+	5.33	789,050	44	48	-	80
£70 million (Category 6 - Average score of 5.4 to 6.4)										
Landesbank Baden Württemberg	2	Aa3	NR	A-	5.50	341,295	88	106	-	70
Norinchukin Bank	2	A1	A	WD	5.50	972,428	38	25	-	70
J P Morgan Chase & Co	2	A2	A-	AA-	5.67	3,386,071	5	5	(ix)	70
Sumitomo Mitsui Banking Corp Int (sub of Sumitomo Mitsui Financial Group)	3	A1	A	A	5.67	2,191,367	12	16	-	70
Sumitomo Mitsui Banking Corp London (sub of Sumitomo Mitsui Financial Group)	3	A1	A	A	5.67	2,191,367	12	16	-	70
Mitsubishi UFG Bank (sub of Mitsubishi UFJ Financial Group)	3	A1	A	A-	6.00	3,247,277	6	10	(iv)	70
Mitsubishi UFJ Trust and Banking Corp (sub of Mitsubishi UFJ Financial Group)	3	A1	A	A-	6.00	3,247,277	6	10	(iv)	70
Mizuho Bank Ltd (sub of Mizuho Financial Group)	3	A1	A	A-	6.00	2,037,816	13	22	-	70
NatWest Markets (Non-Ring-Fenced entity, sub of Natwest group)	2	A2	A-	A+	6.00	1,065,988	36	43	(xix)	70
Societe Generale	3	A1	A	A-	6.00	1,804,879	16	31	-	70
Sumitomo Mitsui Trust Bank	3	A1	A	A-	6.00	561,553	59	82	-	70
Wells Fargo & Co	2	A1	BBB+	A+	6.00	1,955,163	14	9	(i)	70
Mizuho Financial Group	2	A1	A-	A-	6.33	2,037,816	13	22	-	70
£45 million (Category 7 - Average score of 6.4 to 7.4) and UK Building Societies Score <10.5										
Coventry Building Society	2	A2	A-	NR	6.50	68,664	10	412	(xvii)	45
Leeds Building Society	2	A3	A-	NR	7.00	27,520	26	645	(xvii)	45
Principality Building Society	0	Baa2	BBB+	NR	8.50	14,828	32	872	(xvii)	45
Skipiton Building Society	1	Baa1	A-	NR	7.50	37,685	16	371	(xvii)	45
Yorkshire Building Society	1	A3	A-	NR	7.00	63,908	11	354	(xvii)	45
Nil (Category 8 - Average score above 7.4)										
Ø Lloyds Banking Group plc	2	A2	BBB+	A(A+)	6.67	1,161,692	30	42	(x)	0
Ø ING Group	1	Baa1	A-	A+	6.67	1,157,258	31	36	(vi)	0
Danske Bank (LENDING SUSPENDED)	3	A2	A+	A	5.57	678,091	52	74	-	n/a
WD - Rating withdrawn; NR - Not rated										
Ø Average Short term rating of P-2 results in category downgrade; or lending limited to overnight and call deposits and up to a maximum of £20 million if category 7										

EXECUTION FACTORS

Reference Page 5 (3. Execution Factors) Northern Trust Order Execution Policy.

SPECIFIC INSTRUCTIONS

Where a specific client instruction is received in respect of an order, EIM will communicate the instructions to Northern Trust or the relevant Epworth Cash Plus Fund deposit takers. In doing so, EIM will have deemed to fulfil its Best Execution obligation. Where instructions relate to only part of an order, EIM will communicate this to NT in accordance with this Policy to those aspects of the order not covered by the specific instruction. It should be noted that following specific client instructions those instructions may prevent achievement of the best possible result of the execution of those orders.

MONITORING OF POLICY AND ARRANGEMENTS, AND REVIEW PROCESS

EIM monitors the effectiveness of its execution arrangements and this Policy in order to identify any deficiencies. This Policy will be reviewed no less than annually and is available on the EIM Website. (www.epworthinvestment.co.uk)

Best Execution monitoring will be determined via Bloomberg BTCA (Bloomberg Transaction Cost Analysis) platform via Northern Trust (NT). On a monthly basis, NT will deliver Best Execution monitoring data with root cause analysis attached. This will provide the basis on which EIM will determine its Best Execution quality.

Regulatory Technical Standards (RTS) 28 requirements will be satisfied via data provided from NT. The data will be published on EIMs website in the correct format in line with MiFID II requirements and timescale.

Identification and management of conflicts of interest

EIM maintains organisational arrangements that identify conflicts and potential conflicts of interest that exist within the Firm and the procedures and controls that have been adopted to manage these conflicts. These arrangements are subject to review and approval by the Compliance Officer. Individual employees are permitted to trade securities for their own accounts, in which case, the individual must follow the procedures, which are designed to prevent individuals from engaging in personal transactions that may compete or interfere materially with the trading of client accounts. It requires individual employees to report their personal securities transactions to the Compliance Officer for review. (Reference: *Personal Account Dealing Policy*).

Furthermore, individuals are required to:

- Seek prior approval to any personal trade.
- Receive approval prior to any personal trading.
- Provide copies of contract notes to the Compliance Officer.

An area where a conflict of interest potentially arises is in the placing of orders for multiple clients and the subsequent fair allocation of trades. With reference to the *Order Allocation Policy*, the risk of unfair treatment is minimised by the procedures employed by EIM's fund managers and the communication to NT. The allocation of executed trades when completed in full is allocated to participating clients without delay unless there is significant reason for not doing so.

Aggregation of Orders

EIM will carry out a client order in aggregation with another client order when EIM is satisfied that each client is treated fairly and to do so would not disadvantage either client. Aggregated orders will be allocated in accordance with EIM's *Order Allocation Policy*. It should be noted that EIM do not generally aggregate orders.

Order Allocation Policy

For orders across multiple funds where there is a partial execution, allocation is always made on a pro rata basis (with respect to the orders placed, not the size of the relevant funds). However, if that results in a holding which, in the relevant fund managers opinion, is too small to be suitable (for example, it is below minimum market size or would incur disproportionate costs to the client) then the relevant fund may be excluded from the allocation. The basis of that re-allocation is recorded within our order management system.

SENIOR MANAGEMENT OVERSIGHT

Under MiFID II, Article 27 (4) and (7), EIM has an obligation to monitor the effectiveness of its order execution arrangements and its Policy, including the execution quality of its transactions.

To assist the review process, EIM has put in place the necessary processes aimed at meeting this obligation. This may include the following:

- A Monthly Best Execution monitoring working group with NT, to include outlier monitoring and root cause analysis with narrative.
- Performance monitoring – The Compliance Officer will ensure NT meets EIMs Best Execution requirements, the results of which will be highlighted at Epworth Board meetings.
- This Policy will be reviewed annually, and Epworth Board approval sought.