

Execution Policy Summary

Cardano Risk Management Limited

December 2021

Execution Policy

This policy summary sets out how Cardano Risk Management Limited (“Cardano”) will take all sufficient steps to obtain, when executing orders, the best possible result for clients. Cardano is required to provide appropriate information on its order execution policy to clients.

Cardano endeavours to provide clients with a competitive execution capability of the highest quality, designed to deliver efficient execution services in a cost-effective manner. Cardano’s primary objective in handling client orders is to deliver the best possible result on a consistent basis.

In respect to advisory clients, ordinarily advice is provided to clients who make arrangements for the execution of trades. For some advisory clients, Cardano can execute trades and may transmit an order to another party to execute.

For delegated services, Cardano executes trades, or transmits an order to another party to execute.

Where orders are transmitted and not executed by Cardano Risk Management Limited, this policy applies to the transmission of orders only.

The quality of execution

When executing orders on clients’ behalf in relation to financial instruments as defined by UK MiFID, Cardano will take sufficient steps to achieve the best possible outcome. This means that Cardano must have in place a policy and procedures that are designed to obtain the best possible result for client orders, subject to and taking into account any specific instructions from clients, the nature of client orders and the nature of the markets and instruments concerned.

While Cardano will take all sufficient steps based on the resources available to satisfy itself that Cardano has processes in place that can reasonably be expected to lead to the delivery of the best possible result for our clients, Cardano cannot guarantee that it will always be able to achieve this for every order executed on clients’ behalf, particularly where clients give specific instructions as to all or part of an order.

When carrying out client orders, Cardano will:

- ensure that orders executed on behalf of clients are promptly and accurately recorded and allocated;
- carry out otherwise comparable client orders by either aggregating them together if appropriate, or if aggregation is not preferable, then carry them 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;
- take all reasonable steps when overseeing or arranging the settlement of an executed order, to ensure that any client financial instruments or client funds received in settlement of that executed order are promptly and correctly delivered to the account of the appropriate client;

- never act as a counterparty to trades, including OTC trades; and
- never misuse information relating to pending client orders and shall take all reasonable steps to prevent the misuse of such information by any of its relevant persons.

Our commitment to provide clients with the best possible outcome on a consistent basis does not mean that Cardano owes clients any fiduciary responsibilities over and above those resulting from our formal contractual relationship.

Order

Cardano owes a duty to achieve the best possible outcome on a consistent basis when executing orders on clients' behalf. Cardano considers itself to be typically in receipt of an order and acting on a client's behalf where an execution instruction is given to us that gives rise to contractual or agency obligations owed by Cardano to a client or where Cardano executes an order on a client's behalf in the exercise of discretionary management services.

Specific instruction

Where a client provides Cardano with a specific instruction in relation to its entire order or any particular aspect of its order, Cardano will execute the order in accordance with client instructions. However, please note that if a client provides Cardano with a specific instruction, this may prevent Cardano from following some or all of the steps in its Execution Policy that are designed to obtain the best possible result for the execution of client orders. In following client instructions, Cardano will be deemed to have taken all sufficient steps to provide the best possible result in respect of the order or aspect of the order covered by a client's specific instructions. Therefore, if a client requires an order to be executed in a particular manner and not in accordance with the Execution Policy, the client must clearly state their desired method of execution when the client places its order with Cardano. To the extent that a client's specific instructions are not comprehensive, Cardano will determine any non-specified components in accordance with its Execution Policy.

Other matters

Cardano will ordinarily either execute orders or transmit the order to a third party to execute, such as the client's custodian or a broker, who is able to access a specific regulated market.

Cardano cannot and does not provide clients with any legal or tax advice, and if clients consider such advice necessary, they should consult their own legal and tax advisers accordingly.

Whilst Cardano will take all sufficient steps to ensure that it has processes in place that can reasonably be expected to lead to the delivery of the best possible result for clients on a consistent basis, Cardano cannot guarantee that it will always be able to achieve the best possible result on clients' behalf, particularly where clients give specific instructions (see section "Specific Instruction" above).

When executing transactions on behalf of clients, Cardano begins by selecting the execution Venue or makes a decision to trade off venue or through a broker.

Execution venues

For each product in which Cardano executes orders on behalf of clients, Cardano has included in its Execution Policy those venues or sources of liquidity that enable it to obtain on a consistent basis the best possible result for the execution of client orders.

Execution venues are selected using selection criteria including price, trading costs, liquidity, counterparty risks, speed and likelihood of execution. After selecting a venue, Cardano sends a request for quote or indication of interest either by voice or electronically. All received quotes are analysed and checked against the original order. Normally Cardano will trade at the best possible price, but other factors like counterparty risks can prevail in certain circumstances.

In meeting its obligation to take all sufficient steps to obtain on a consistent basis the best possible result for the execution of client orders, Cardano may use one or more of the following venue types when executing an order:

- Regulated Markets ;

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- Third party investment firms acting as a Market Maker or other liquidity providers;
- Firms and Investment Banks providing and arranging OTC derivative contracts;
- Systemic Internalisers (SI, parties that match client' orders internally, not via exchanges);
- Third party investment firms acting as a Market Maker or other liquidity providers (LP);
- Life insurance companies;
- Multilateral trading facilities (MTF);
- Organised trading facilities (OTF);
- Dealers in the OTC markets;
- The providers of collective investment vehicles; and
- Secondary Brokers involved in the secondary sales/purchases of collective investment vehicles

Cardano will assess which of these venues are likely to provide the best possible result for clients on an instrument by instrument basis. Examples are below:

Instrument category	Instruments used in category	Venues considered
Interest rate derivatives	Swaps, forwards & other interest rate derivatives Futures & options admitted to trading on a trading venue	MTF, SI, LP, Inv. Banks, Dealers in the OTC markets, OTF RM
Inflation linked derivatives	Inflation linked swaps	MTF, SI, Inv. Banks, Dealers in the OTC markets, OTF
Equity derivatives	Futures & options admitted to trading on a trading venue Swaps, options and other equity derivatives	RM RM, SI, Inv. Banks, Dealers in the OTC markets, OTF
Credit derivatives	Futures & options admitted to trading on a trading venue Other credit derivatives	RM RM, SI, Inv. Banks, Dealers in the OTC market, OTF
Currency derivatives	Futures & options admitted to trading on a trading venue Swaps, Forwards and other currency derivatives	RM RM, SI, Inv. Banks, Dealers in the OTC markets, OTF
Debt instruments (cash) instruments	Bonds Money Market instruments	MTF, SI, Dealers in the OTC markets MTF, SI, Dealers in the OTC markets
Securities Financing Transactions	Repo/reverse repo Securities lending	MTF, SI, Dealers in the OTC markets

Instrument category Cardano distinguishes between the following classes of financial instruments and venues:	Instruments used in category	Venues considered
		MTF, SI, Dealers in the OTC markets
Commodity derivatives instruments	Futures & options admitted to trading on a trading venue Other commodity derivatives	RM SI, Inv. Banks, Dealers in the OTC markets
Exchange Traded Funds	ETF in several asset classes	RM, MTF, SI, Dealers in the OTC markets
Collective Investment Vehicles	Collective Investment Vehicles	Providers of Collective Investment Vehicles, Secondary Brokers

The names of the execution venues used are listed in the Annex.

When selecting counterparties in the OTC markets for specific transactions Cardano uses a long list of selection criteria including items referring to (i) price, (ii) counterparty creditworthiness, (iii) counterparty risk budget (iv) long term commitment to the specific market, (v) reputation and specialism in the specific product and (vi) flexibility in documentation.

In case of execution of OTC orders (including bespoke products) Cardano will check the fairness of the price proposed to the client by gathering market data used in the estimation of the price of such product and when possible, by comparing with similar or comparable products.

For certain financial instruments, there may only be one execution venue, and in executing a trade in such circumstances Cardano will presume that it has provided the best possible result in respect of these types of financial instruments.

In the case of Secondary Transactions in Collective Investment Vehicles, these are typically complex transactions involving multiple parties. Cardano will use its experience in selecting the best approach to execute such a transaction after consideration of the relevant features of the specific transaction and prevailing market conditions.

Execution factors

In the absence of specific instructions from clients, Cardano considers the following factors to determine the manner in which an order will be executed:

- Price;
- Costs;
- Counterparty risk, creditworthiness and liquidity;
- Document and collateral flexibility for OTC derivatives;
- Speed;
- Likelihood of execution or settlement;
- Market impact;
- Size of the order;
- The ability to aggregate the trade across clients

- Nature of the order; and
- Any other consideration relevant to the efficient execution of the order.

Cardano will determine the relative importance of each factor using the following execution criteria:

- The characteristics and nature of the order, including whether any specific instructions are given;
- Client characteristics (including regulatory client categorization);
- The characteristics of the financial instruments that are the subject of the order; and
- The characteristics of the execution venues to which the order can be directed.

Ordinarily, price will merit a high relative importance in obtaining the best possible result for clients. However, the most important factors, especially for OTC derivatives, will depend on the type of instrument being traded and counterparty risks. In determining the relative importance of the execution factors Cardano will apply its professional judgement and expertise. For example, in the execution of a large order, minimising market impact might be more important than price.

Execution and Order Allocation Guidelines

Execution in the following specific situations will be dealt with in accordance with the guidelines set out below and as set out in the general Execution Policy.

Aggregation of Orders

Cardano's preferred approach when dealing in more liquid markets is to aggregate orders by executing a single trade and then allocating this trade pro-rata across clients. This may be achieved by pro-rata across clients from an omnibus account. Cardano may choose to aggregate client orders where it deemed unlikely to be to the overall disadvantage of any client whose order is aggregated.

In the event of partial execution of an aggregated order, the actual executed trade and cost will be allocated in the same proportions as the full order would have been across the clients subject to the aggregation.

Trade Prioritisation Guidelines

Cardano's preferred approach is to aggregate orders by executing a single trade and then allocating this trade pro-rata across clients. However, there will be occasions where the 'single trade approach' is not possible, such as for OTC trades. Trade Prioritisation Guidelines do not apply to trades undertaken with a fund manager on the same dealing day.

The Trade Prioritisation Guidelines seek to address occasions where the single trade approach is not possible or reasonable but there are not any expected capacity or trading environment issues that would mean trades could not be placed for multiple clients simultaneously.

Investment Vehicle Allocation Guidelines

The Investment Vehicle Allocation Guidelines are applicable to fund trades and trades in instruments when due to their illiquid nature or market conditions (e.g., prohibitive transaction costs) it is not possible to obtain the desired exposure or trade according to client weighting versus target weighting.

In the ordinary course of business, additional capacity made available in an existing investment will be allocated to underweight clients in proportion that each client is underweight relative to its target if it exceeds a minimal threshold. The allocation guidelines seek to address Cardano's general policy and procedures on the occasions where allocating on this basis is not possible.

Exception Process

Cardano operates an exception process for trades where it is deemed that not following the Execution Policy including the Guidelines set out above, will achieve a better outcome for one or more clients.

Annex Names of the venues used

A list of execution venues considered by Cardano is set out below. Cardano may use other execution venues, add or remove any venue from the list where we determine it is appropriate to do so.

Instrument	Venues	Selection criteria
Interest rates	Tradeweb, Eurex, CBOT, CME, ASX Group, ICE, Montreal Exchange	Liquidity and pricing
Currencies	FX All, CME	Liquidity and pricing
Commodities	CME, ICE	Liquidity and pricing
Equity	Eurex, CBOE, Hongkong Futures Exchange, Singapore Futures Exchange, ICE-LIFF, CME Futures, Montreal Futures, Osaka Securities Exchange (OSE), ASX Group, Euronext (Paris Market – MATIF/MONEP), ICE Futures, Korea Exchange	Liquidity and pricing
Debt cash	Tradeweb	Liquidity and pricing