

## Best Execution Policy

### Introduction

Genesis Investment Management LLP (“GIM” or “we”) are required to put arrangements in place to deliver best execution for its clients as required by the Markets in Financial Instruments Directive 2014/65/EU and the Markets in Financial Instruments Regulation 600/2014 and any and all implementing legislation, delegated acts (directives or regulations) and technical standards - together referred to as “MiFID II” throughout this Policy.

The MiFID II requirements relating to best execution have been implemented in the United Kingdom in the Conduct of Business Sourcebook rules of the Financial Conduct Authority (“FCA”) as well as in Regulation 600/2014. GIM is also regulated as a registered investment adviser by the U.S. Securities and Exchange Commission (“SEC”). This Policy is designed to comply with the applicable best execution rules in the UK and also to fulfil the general fiduciary duties placed on GIM to act in the best interests of its clients and to place the interests of its clients above its own, as is required by the SEC.

GIM provides discretionary asset management services to its clients, referred to as “Portfolios” throughout this Policy, and may provide such services to clients of its affiliate, Genesis Asset Management, LLP. The Operations Executive Committee (“OpEx”) has oversight of GIM’s trading operations.

### Scope

This Policy applies to all trading carried out by GIM on behalf of all Portfolios as defined above.

### The Best Execution Obligation

- **Obligation**

The best execution regime requires GIM to take all sufficient steps to obtain the best possible results for its clients.

GIM places orders in financial instruments for execution by third parties (referred to as “Brokers” in this policy). In these instances, GIM is required to operate in the client’s “best interests” when placing orders with Brokers that result from decisions by GIM to deal in financial instruments on behalf of the Portfolios under its management. The Broker has its own responsibilities to obtain best execution in line with its own policies when it executes each relevant transaction.

- **Impact of Specific Instructions**

In the unlikely event that GIM accepts specific instructions from a client in relation to a Portfolio regarding the placing or execution of an order, or a specific part of an order, GIM will record and follow those instructions.

Accordingly, GIM’s obligation to provide best execution is limited to any part of an order to which the client’s execution instructions do not relate and, when it is following client instructions, GIM may be prevented from taking steps that have been implemented in this Policy to obtain the best possible result.

## Execution Factors

The items below represent the factors that GIM will consider in order to determine the way an order will be executed (the “Execution Factors”):

- price;
- cost;
- speed;
- likelihood of execution and settlement;
- Size, nature or any other consideration relevant to the execution of the order (such considerations include the availability of liquidity, the market impact and the geographical location of the Broker).

In determining the relative importance of these factors, GIM will take into account the following:

- the characteristics of the client, including their categorisation as a professional client;
- the nature of the order;
- the characteristics of the financial instrument to which the order relates;
- the characteristics of the available Brokers to which the order can be directed.

**Appendix 1** sets out, for each class of financial instrument, how the Execution Factors are considered as part of sufficient steps to achieve best execution, and the relative importance of each factor.

## Execution Venues

- **Venues**

A list of Brokers to whom GIM passes orders to for execution **is available on request**.

- **Selection criteria and monitoring process for Brokers**

Before any new Brokers are onboarded, they are reviewed to ensure that as a minimum they:

- are appropriately regulated; and
- are reputable and have financial strength and stability.

In addition, dependent on the markets that the Brokers operate in and/or the securities that will be traded through them, there may be other factors that are relevant to selection such as those listed below:

- charging competitive rates for execution;
- market intelligence;
- anonymity of trading activity;
- block trading and block positioning capabilities;
- ongoing reliability;
- market making capabilities;
- accurate and timely execution, settlement, clearance and error/dispute resolution process;
- willingness to execute difficult transactions;
- access to underwritten offerings and secondary markets;
- execution at a desired time for a transaction; and
- size of the trade and the ability to fill trades in staged orders.

- **Execution outside a trading venue**

GIM may execute orders outside of a trading venue (being a regulated market, multilateral trading facility or organised trading facility, as those terms are defined in MiFID II) and recognises this may involve counterparty risks arising from execution outside of a trading venue.

When executing orders or taking decisions to deal outside of trading venues, GIM will check the fairness of the price proposed by gathering market data used in the estimation of the price of such product and, where possible, by comparing with similar or comparable products.

- **Aggregation of orders**

GIM will not aggregate orders unless it believes that aggregation is consistent with its best execution obligations for its clients and is consistent with the terms of GIM's investment management agreement with each Portfolio for which orders are being aggregated.

Genesis has adopted a policy of pro rata allocation per client account, irrespective of product, based upon the order size at the time of order entry (subject to economic and lot size constraints between client accounts). Pro rata allocation is implemented through Genesis' trade order management system. Partial fills are allocated pro-rata unless they are so small that this is uneconomic (e.g. less than USD 5,000). Allocations may be revised by the Dealing Desk in line with the Fair Allocation procedures if there are specific business reasons to allocate otherwise and such reasons shall be evidenced and retained.

## **Monitoring and Annual review**

GIM regularly monitors the effectiveness of both its order execution arrangements and the contents of this Policy.

GIM also regularly assesses the Brokers we have selected in order to ensure that they remain the most likely Brokers to deliver the best possible result for orders we pass onto them for execution.

This assessment of Broker quality is comprised of the following aspects:

- The Dealing Desk conducts best execution monitoring on a continuous basis and keeps an ongoing log of trades outlining where they consider that a Broker has performed particularly well or particularly poorly in relation to execution of an order we have passed to them. In addition, the Dealing Desk conducts and documents a bi-annual review of Brokers to ensure that they continue to provide the best possible result for the Portfolios. Each Broker is scored on the quality of their service to the Dealing Desk.
- The qualitative assessment noted above sits alongside independent quantitative analysis provided by a third-party analytics provider. This analysis measures all GIM's trading data against their pre-trade models. The quarterly report compares our trading data to relevant predictive models and market benchmarks.
- Compliance conduct periodic monitoring of the steps taken to achieve and monitor best execution by the Dealing Desk. The results of this periodic monitoring are provided to OpEx for review.

OpEX will review this Policy and the order execution arrangements at least annually and whenever a material change takes place that may impact the ability of GIM to continue to obtain the best possible results for a Portfolio.



**Genesis Investment Management, LLP**  
21 Grosvenor Place  
London SW1X 7HU  
Telephone: +44 (0)20 7201 7200  
[www.giml.co.uk](http://www.giml.co.uk)

## Annual Disclosure

GIM will make public on an annual basis, in the format required by Commission Delegated Regulation 2017/576/EU, the top 5 execution venues in terms of trading volumes where GIM has placed orders for execution in the preceding year for each class of financial instruments.

In addition, GIM will publish, by way of information on the quality of execution obtained, a summary of the analysis conducted and conclusions drawn from the regular monitoring of Brokers used to execute all client orders in the previous year. Specifically, this analysis will comment on:

- The relative importance GIM gave to the execution factors when assessing quality of execution;
- A description of any close links, conflicts, common ownerships with respect to any execution venues used;
- A description of any specific arrangements with execution venues regarding payments made/received, discounts, rebates or non-monetary benefits;
- An explanation of factors that led to a change in the list of execution venues used by GIM, if applicable;
- An explanation of how order execution differs according to client categorisation; and
- An explanation of how GIM has used any data or tools relating to quality of execution published by execution venues.

This information will be available on our website in a machine-readable electronic format, available for download by the public.

## Record Retention

This Policy (including any changes to it), annual reviews and evidence of execution quality monitoring will be retained for 5 years.



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## Appendix 1

### Equities, Shares and Depositary Receipts

#### How the Execution Factors are considered as part of sufficient steps to achieve Best Execution, and the relative importance of each factor

GIM's core focus is listed emerging markets equities, and operates a long-term buy and hold strategy. GIM instructs trades through global and local Brokers to execute orders in a variety of emerging markets.

In seeking to achieve best execution, GIM will take into consideration a range of different factors. While price is important, other factors may have a high priority such as the need to access liquidity (likelihood of execution and settlement) and the size and nature of the order.

#### General Orders

Given the nature of emerging markets, and the potential for an order to be significant in the context of prevailing liquidity levels, the most important execution factor is likelihood of execution and settlement. The Broker attributes that are the most important in this context to achieve the best results for clients are block trading capabilities, anonymity of trading activity, trustworthiness of flow and market intelligence regarding trading activity.

GIM aims to secure competitive commission costs for all transactions. While commission cost is an important factor, as with price it is not a determinative factor, and there may be other factors which are given priority in order to obtain the best quantitative and qualitative execution.

GIM aims to exercise the same standards and operate in the same way across all the markets in which we invest however the diversity of these markets will mean different factors may have be considered in different situations.

#### Program Trades

Program Trading is typically used for the efficient execution of orders required by subscriptions, redemptions or other rebalancing exercises. In relation to these trades, price and likelihood of execution and efficient settlement tend to be the most important factors. We seek efficient, low market impact execution referencing current market prices.