



Order Execution Policy

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John Newton, December 2024

Introduction

This document summarises the Order Execution Policy and arrangements which Wise Funds Ltd. has in place for dealing with client orders generated by our investment decisions. It is made available to all investors in our funds as required by the rules of our regulator, the UK Financial Conduct Authority.

When dealing with orders for our funds, we are required to take all sufficient steps to obtain the best possible results, taking into account the execution factors of price, costs, speed, likelihood of execution and settlement, size and any other relevant considerations. This policy outlines the procedures we have in place to obtain best execution in a consistent basis for our co-investors.

Order Execution Arrangements

Wise Funds transmits all orders to brokers, for both 'high touch' and 'low touch' trading. When using another entity for execution, we are responsible for monitoring the execution services received in order to ensure we're fulfilling our best execution obligations. In particular, we're required to monitor the quality provided by other entities used for execution and, where appropriate take action to correct any deficiencies. Where we dictate the strategy, Wise Funds, not the broker is responsible for these decisions. MiFID II requirements state that best execution does not demand that firms achieve the best possible result with every trade, but that the focus is on taking all sufficient steps for obtaining the best possible result on a consistent overall basis.

Execution Factors

As part of the MiFID II best execution obligations, when taking all sufficient steps to obtain the best possible result for our funds, Wise Funds will consider:

- Price (e.g. the price at which the order is executed)
- Costs (e.g. commissions, taxes, etc.)



- Speed of execution (i.e. the time it takes to complete the order)
- Likelihood of execution
- Likelihood of settlement
- Size of order
- Nature of order
- Any other consideration relevant to the execution of the order

The fund manager dealer considers these execution factors in order to determine the most appropriate venue and trading strategy applied to each order. The following additional consideration may also have an impact on the relative importance of the execution factors:

- Liquidity of the stock
- Potential market impact
- Fund manager's instruction in respect to a specific order
- Rationale for the transaction
- Market conditions

Whilst the price and costs will generally be the most important of the factors, the others mentioned also play an important role in determining the venue and trading strategy. For example, in a less liquid instrument the likelihood of execution and size of the order may be as important as price and cost. In other circumstances, market conditions or events may affect these factors, so that speed of execution becomes more important.

Venue Selection

Transactions may only be undertaken with brokers on our approved broker list (ABL). The Wise Funds ABL is made up of a mixture of large investment banks, and smaller specialist firms that have a particular focus. The large companies typically provide a full range of equity trading services, whereas the smaller firms are typically used to achieve best execution in specific markets or securities. Orders may only be transmitted to brokers not on the ABL if that is the only option – for example: investment trust placings.

There are a number of factors which will impact our choice of broker for a particular order, these include whether the broker has indicated they have access to the stock (e.g. through an indication of interest or conversation), whether the broker has been active recently in the stock or runs their books. All things being equal the displayed prices and commission rates will be the main factor.

Where a large inflow or outflow of capital takes place within a sub-fund, the fund manager will typically approach this by means of a basket trade. This involves either the buying or selling a number of different holdings pro-rata across the portfolio. The aim is to ensure the weightings remain the same notwithstanding the inflow or outflow. Individual trades forming part of the basket are then treated with the same considerations outlined above.



Commission Rates

Wise Funds keep commission rates under regular review to ensure they reflect market trends and represent value for our clients. The compliance and operations team carry out a formal review of rates on an annual basis.

Liquid Stocks

Where the instrument is highly liquid, price and speed are normally the most important execution factors. Orders where liquidity is not an issue will normally be executed and completed shortly after being instructed. In these situations, the dealer might consider algorithmic ('low touch') trading as the most suitable method, because it is the most cost effective and will most likely ensure a speedy execution. For very large trades compared to the market, which could impact the market price, the dealer will consider 'high touch' trading. This involves placing the trade with the selected broker and following up over the phone to discuss strategy.

Illiquid Stocks

Where a share is illiquid, the most important factor is likelihood of execution. We will first of all look to see where the natural liquidity is in the stock through discussions with brokers and other flow indicators. If the dealer matches with a broker, they will try to agree the price at mid-market. Some brokers are more active in certain markets or industry sectors, and therefore are able to provide a superior execution service for a particular security.

Trades in illiquid stocks are likely to have a greater market impact, and this often exceeds the direct costs of transacting, especially on larger deals. So, a high touch approach may be adopted, where natural liquidity cannot be accessed.

Monitoring and Review

Each broker is reviewed on an annual basis. We consider latest financials, any changes to execution arrangements, or terms of business and the level of service provided, including execution quality. We use a transaction cost analysis (TCA) program, which is integrated into our order management system. This helps us to monitor the execution we achieve. This monitoring is done by the dealing team and checked by compliance. The outcomes are analysed against execution quality benchmarks, e.g. interval volume weighted average price (IVWAP).



Where we identify issues with execution quality or deficiencies with our execution arrangements appropriate actions are taken. Findings and trends are documented in reports that are reviewed quarterly. Our investment team monitors the effectiveness of our order execution arrangements and policy at least annually and whenever there is a material change.

To comply with our reporting requirements, we will publish data on our website disclosing our top five execution venues (brokers) in terms of trading volume.

Vincent Ropers
December 2024

Appendix

Part A: List of brokers that Wise Funds transmits orders to

Listed Equities & Investment Trusts:

FinnCap Ltd
N+1 Singer Capital Markets Ltd
Numis Corporation plc
Stifel Nicolaus Europe Ltd
Stockdale Securities
Winterflood Securities Ltd.
Peel Hunt
Investec
Jefferies
Panmure Gordon

Part B: List of counterparties and trading venues used by Wise Funds Ltd:

None currently used directly by our funds.