

## ORDER EXECUTION POLICY

Silchester International Investors LLP (“**Silchester**”) is solely responsible for managing the trading activities of its various commingled funds (collectively, its “**Clients**”). Each Client has been classified as a professional client for the purposes UK Financial Conduct Authority (“**FCA**”) rules. Silchester invests primarily in publicly traded non-US equity securities. In doing so, Silchester recognises its obligation to take all sufficient steps to obtain, when executing orders, the best possible results for its Clients. This Order Execution Policy (the “**Policy**”) provides information about Silchester’s policies and procedures for executing trades, order handling and certain related issues. This Policy is intended to comply with the applicable rules of the FCA, the Central Bank of Ireland and the US Securities & Exchange Commission. Appendix 1 details costs and charges associated with investments in Silchester’s commingled funds. The procedures that Silchester follows when executing foreign exchange are described in Appendix 2.

### ***Trading Approach and Execution Venues***

Security trades are normally executed on regulated markets accessed through third party brokers who may place their orders with market makers. Clients should note that transactions may be executed outside a regulated market or multilateral trading facility, such as on a market or trading facility in a non-EU country or with a systematic internaliser (i.e., an investment firm dealing on its own account in an organised, frequent, systematic and substantial basis).

Silchester is not affiliated with any broker. Silchester looks to select brokers that have demonstrated a capability to obtain best execution. A list of approved brokers is maintained and all approved brokers are subject to a specific contractual obligation to achieve best execution.

As of 31<sup>st</sup> December 2022, Instinet is Silchester’s primary brokerage counterparty. A secondary back-up trading relationship is in place with Northern Trust Securities LLP. Trades are generally done using a single competitive global rate of commission and on an execution only basis. This approach creates a strong alignment of interests between the broker(s), Silchester and Clients. This approach delivers several risk-reduction benefits. These include the simplification of order routing and intra-day monitoring, improved settlement status, heightened quality of execution given the value and volume of securities traded, consistency of execution reporting and reduced contractual and regulatory compliance burdens. Silchester monitors the depth and quality of coverage, access to market flow, the quality and timeliness of transaction cost analysis (“**TCA**”) and back office efficiency of its counterparties. Silchester also considers the consequences of a potential failure of a broker to meet performance, corporate stability and/or business continuity requirements. Silchester retains the right to terminate a broker at any time.

### ***Execution Factors***

In selecting brokers, Silchester seeks the best combination of price and quality of execution services, after considering factors that may affect the transaction. Price, including commission costs, and the ability to execute an order in sufficient volume with minimal market impact are typically the most important factors. In addition, Silchester has regard to:

- *Spread Capture*: Silchester is generally seen to be a provider of market liquidity rather than a user of market liquidity. This may result in a larger proportion of client orders being executed at, or around, the midpoint of the spread. The spread may be crossed to access liquidity. Spread capture may appear worse on a relative basis in markets or specific securities where there are high spreads or sharp price movements. Latency may also affect spread capture statistics; and,
- *Percentage of Average Daily Volume*. As a general rule, Silchester looks to ensure that its orders do not account for more than 25-33% of average daily volumes on the primary exchange. This helps to avoid pressuring market prices. Higher volumes may be traded, amongst other circumstances, where Silchester interacts with a natural counterparty or interacts actively with dark liquidity.

### ***Monitoring Best Execution***

Silchester monitors compliance with this Policy and its best execution obligations in several ways:

- *Intra-day/intra-trade monitoring.* Silchester's dealers use Indata's iPM Manager (Silchester's order management system) to monitor trades at the individual fill level. Silchester's dealers also compare this information to other live sources (e.g., Bloomberg and Factset).
- *Post-trade monitoring.* Brokers must provide automated TCA analytics for all executed orders. Silchester's dealers separately conduct best execution monitoring reviews.
- *Performance monitoring.* Silchester monitors brokers on an ongoing basis and across executed orders. This helps to ensure that performance follows the broker's duty of obtaining best execution. Brokers must also provide periodic TCA analytics (e.g., monthly, quarterly and annual trend level analysis) that provide insight on the quality of their executions and the performance of their algorithms. This is besides any regulatory reporting that the brokers must separately publish.
- *Third party TCA.* Silchester has engaged a leading TCA provider to produce a suite of reports that assist Silchester in evaluating how its best execution obligations are being met. These TCA reports analyse the performance of brokers and the longer term quality of their executions, including an evaluation of Silchester's trade executions versus a peer group universe.
- *Periodic reviews.* Silchester will periodically review broker credit ratings and news flow to ensure the minimum standards of prudence for inclusion on the approved broker list are met. Silchester's Compliance and Operational Risk Management Groups will also conduct periodic retrospective reviews of trades on a sample basis to help ensure compliance with Silchester's policies and procedures.

### ***Dealing Commissions, Soft Dollars and Other Inducements***

Execution only dealing commissions are paid directly by Clients. Silchester negotiates commission rates and may determine to pay commissions or mark-ups over that which another broker might charge for effecting the same transaction, in recognition of the quality of the execution services provided by the broker. Commission rates are generally subject to periodic reappraisal. Silchester has agreed a single global execution only rate of commission. Effective 13<sup>th</sup> January 2022, the rate is 2.7bps. This rate applies to substantially all trading activity but Silchester may, from time to time, pay a higher rate of commission (e.g., to participate in a placement or obtain a guaranteed price). This type of event happens infrequently.

Silchester does not share, directly or indirectly, in the revenues generated by Client transactions. Silchester does not pay "soft dollar" commissions and/or receive "soft-dollar" benefits. Goods or services that, if received without payment could be deemed "soft dollar" benefits or "inducements" (such as broker research and TCA analysis of executed trades), are paid by Silchester directly out of its own financial resources.

### ***Commission Recapture and Directed Brokerage***

Silchester does not participate in commission recapture or directed brokerage arrangements.

### ***Order Handling, Aggregation and Allocation***

To facilitate subscriptions and redemptions and to minimise liquidity risks to the Clients, Silchester may utilise program or block trades. Program and block trades may involve directing a broker to trade securities at a specific point in the day (for example, at market open or close) or during all or part of the trading day. The broker may also be asked to guarantee that a specific price can be obtained for the security purchases or sales (for example, the opening price or the closing price). Additional charges or increased spreads may

be payable to facilitate these program or block trades. As a general rule, Silchester does not use stop loss orders as part of its trading methodology or ask its brokers to guarantee prices.

If Silchester invests simultaneously for more than one Client, Silchester may place combined orders for all such Clients simultaneously and if any order is not filled at the same price, Silchester will average the prices paid. If Silchester places an order on behalf of more than one Client and the order cannot be fully executed, Silchester will allocate the order on a pro-rata basis based on the total number of shares outstanding on each Client's respective orders and rounding such executions to reflect minimum trading sizes or regulatory restrictions. The same policy applies to initial public or secondary offerings, governmental privatisations or other similar events. Situations may occur where a Client could be disadvantaged because of the investment activities conducted by Silchester for other Clients.

### ***Personal Account Dealing***

Except as allowed under the narrow circumstances set out in its Compliance Manual, no personal account dealing or principal trading is permitted. Silchester has no obligation to purchase or sell or to recommend for purchase or sale for a Client any securities that Silchester, its legal members, employees and/or contactors may purchase or sell for its or their own accounts or for the account of any other Client.

### ***Cross Trades***

Subject to ERISA and other applicable law, to reduce transaction costs, rebalance investment portfolio or for other reasons, Silchester may cause a Client to enter cross transactions directly with other Clients. This normally occurs where inflows into one Client account coincide with outflows from other Client accounts. All such cross trades are executed in accordance with ERISA's statutory cross trading exemption and the policies and procedures that Silchester has adopted to comply with this statutory exemption. Silchester will provide Clients with details of its cross trading activity on a quarterly basis on request.

### ***Review and Amendment of this Policy***

The Policy is normally reviewed at least annually by Silchester's Dealing Group and when a material change occurs that affects Silchester's ability to execute orders under the Policy. Silchester will provide Clients and all underlying unitholders in its commingled funds with a copy of this Policy on an annual basis.

**Appendix 1: Cost Transparency Disclosure  
Silchester's International Value Equity Programme:**

	2022	2021				
	BPS	BPS		Footnote	Description	Examples
One-off charges	0	0		N/A	All costs and charges included in the price or in addition to the price paid to product suppliers at the beginning or at the end of the investment	<ul style="list-style-type: none"> <li>- Front-loaded Management Fee</li> <li>- Structuring Fee</li> <li>- Fund Initial Charge</li> <li>- Fund Redemption Charge</li> <li>- Fund Switching Charge</li> </ul>
Ongoing management fees	72	69		1	Annual Management Fee	
Ongoing charges	0	0		2	On-going costs and charges related to the management of the commingled funds that are deducted from the NAV over and above the management fees.	<ul style="list-style-type: none"> <li>- Audit Fees</li> <li>- Custodian Fees</li> <li>- Directors Fees</li> <li>- Formation Fees</li> <li>- Guarantor Fees</li> <li>- Legal Fees</li> <li>- Other Fees</li> <li>- Registration Fees</li> <li>- Risk Transfer Fees</li> <li>- Service Manager Fees</li> <li>- Sub Registrar Fees</li> <li>- Trading Interest Fees</li> <li>- Trading Stock Borrow Fees</li> <li>- Trading Swap Financing Fees</li> <li>- Trading Other Fees</li> <li>- Broker/Third Party Research</li> <li>- Data Costs</li> </ul>
Ongoing transaction costs	6	6		3	Costs and charges incurred as a result of the ongoing acquisition and disposal of investments.	<ul style="list-style-type: none"> <li>- Market Commission</li> <li>- Exchange Fees</li> <li>- Clearing Charges</li> <li>- Futures Clearing</li> <li>- Exchange Clearing</li> <li>- Exchange Execution</li> <li>- PTM Levy</li> <li>- Fund Dilution Levy</li> <li>- Implicit Spread Costs</li> <li>- Stamp Duty</li> </ul>
One-off transition costs	0	0		4	Costs and charges incurred as a result of the initial transfer of assets into a commingled fund.	<ul style="list-style-type: none"> <li>- Market Commission</li> <li>- Exchange Fees</li> <li>- Clearing Charges</li> <li>- Futures Clearing</li> <li>- Exchange Clearing</li> <li>- Exchange Execution</li> <li>- PTM Levy</li> <li>- Fund Dilution Levy</li> <li>- Implicit Spread Costs</li> <li>- Stamp Duty</li> </ul>
Incidental costs	0	0		N/A	Any additional costs.	<ul style="list-style-type: none"> <li>- Performance and Incentive Fees</li> <li>- Carried Interest</li> </ul>
	<b>78</b>	<b>75</b>				

## FOOTNOTES

- 1 The management fees disclosed under “**ongoing management charges**” represent the average management fee paid by all of Silchester’s clients during the calendar year. The actual investment management fees paid by individual clients will depend on the level of AUM they have invested with Silchester and may be higher or lower than the average fee. Because Silchester’s fee scale is tiered, the average will vary depending on market volatility and the level of contributions and redemptions. Actual fees paid are set out on each client's individual client statement. Silchester believes that having a single fee scale in place provides for fairness and simplicity across its entire client base. All clients are subject to the same fee scale. Silchester’s standard fee scale per account is:

<u>Per Annum Fees</u>	
First \$25 million	1.00%
Next \$25 million	0.65%
Next \$25 million	0.55%
Thereafter	0.50%

- 2 Silchester’s investment management fee scale includes costs associated with custody, fund administration, legal, tax and fund audits and costs in connection with Silchester's withholding tax reclaim efforts. All security trades are done on an execution only basis. Costs associated with broker research are paid directly by Silchester out of its investment management fees. Silchester has negotiated a foreign exchange trading agreement with Northern Trust. In exchange for Northern Trust developing, maintaining, monitoring and enhancing the foreign exchange algorithm (which Silchester utilises for trading client foreign exchange settlement obligations), operating the foreign exchange panel, providing balance sheet support to client foreign exchange trading, bearing the counterparty risks of trading with panel participants and providing TCA reporting, Silchester pays Northern Trust a fee out of its own investment management fees. No mark ups, additional spreads or additional settlement charges are added to foreign exchange transactions. Silchester notes that, for most other commingled funds, these costs are charged on top of investment management fees and would be disclosed as “**ongoing charges**”.
- 3 The “ongoing transaction costs” figure includes execution-only commissions on security trades, stamp duty, exchange fees and estimated market impact and implicit spread charges computed on a trade by trade basis. The figure also includes the estimated costs, such as bid-ask spreads, associated with trading foreign exchange to cover the programme’s settlement obligations. Due to the nature of Silchester's trading activity, Silchester has taken account of the impact of trading limits, market momentum factors and general passive nature of its trading activity. This results in a nil market impact charge. The figures shown are reasonable proxies for the programme's trading activity but can vary from year to year depending on the markets where Silchester invests (e.g. UK, Irish and HK stamp duty charges can be significant) and securities identified to form part of the portfolio. Broker commissions accounted for 1bps of charges in 2022 and 2bps in 2021. Market related charges, such as stamp duty and financial transaction charges represented 4bps in each year. The remaining charges relate to foreign exchange spread costs.
- 4 “**One-off transition costs**” are shown as zero. When assets are contributed into or withdrawn from a commingled fund, anti-dilution levies of up to 0.75% and 0.50% respectively can apply. ADLs are credited to the respective commingled fund to compensate it for dealing expenses (brokerage commissions, stamp duty, market impact, bid-ask spreads, foreign exchange charges, market fees, etc.). The ADLs protect existing investors by ensuring the clients initiating a transaction bear the costs of their own contribution or redemption. These ADLs are not paid directly or indirectly to Silchester. When applied in recent years, the ADLs have commonly been in the region of 10-15bps.
- 5 **Performance:** the performance figures in Silchester's monthly client statements, monthly newsletters and periodic client presentations are shown after deducting ongoing transaction costs (as described in 3 above). “Gross” performance figures are shown before deducting investment management fees (as described in 1 above). “Net” performance figures are shown after deducting investment management fees. Further information is available upon request.

Silchester provides this information under the requirements of COBS6 of the Handbook of Rules and Guidance of the UK's Financial Conduct Authority (which reflects the requirements of Annex II of the MiFID Delegated Regulation). The data relates to the investment programme as a whole; the costs associated with investment in a particular fund may vary dependent on the tax status of the fund in each jurisdiction in which the programme invests. All figures have been computed in USD.

## **Appendix 2**

### **Procedures for Trading Spot and Forward Foreign Exchange for Silchester's International Value Equity Programme**

#### ***Spot Foreign Currency Contracts***

Northern Trust is the appointed custodian for Silchester's commingled funds. Silchester International Investors LLP ("**Silchester**") buys and sells securities and other assets for its various commingled funds (collectively, its "**Clients**") on various stock exchanges around the world. This trading activity gives rise to settlement obligations in foreign currencies. Clients also receive interest and dividend income in foreign currencies. Under most circumstances, Silchester has not asked Northern Trust to convert interest and/or dividend income into a Client's default currency holdings (typically USD or Euros) at Northern Trust's "daily" rate. Instead, Silchester ordinarily converts interest and/or dividend income in the same manner as it trades spot foreign exchange. Spot foreign exchange transactions are normally executed:

- For certain highly liquid non-restricted currencies, using a foreign exchange trading algorithm against a trading panel consisting of a number of market counterparties; and,
- For restricted currencies, by Northern Trust or a sub custodian pursuant to standing instructions.

Silchester may also trade foreign exchange directly with Northern Trust's dealing desk. Given the nature of Client security holdings and Silchester's operating procedures, this type of trading activity is infrequent and commonly only occurs in extraordinary circumstances.

#### ***The Foreign Exchange Panel and Trading Algorithm***

Silchester trades foreign exchange for certain highly liquid non-restricted currencies electronically using an algorithm developed by Northern Trust. Broadly speaking, the algorithm will look at the spot rates offered by a panel consisting of some of the largest foreign exchange dealers, exchanges and liquidity providers in the world and will execute, subject to depth of liquidity, validity of quotes and anti-gaming constraints, foreign exchange trades on a "best bid, best offer" basis. Substantially all of Client foreign exchange trading in non-restricted currencies utilises the algorithm.

Although Northern Trust is legally operating as matched principal, Silchester has asked Northern Trust to look at replicating an agency relationship. To that end, Northern Trust is not included in the foreign exchange panel and is not an eligible foreign exchange counterparty for the trades (except with respect to smaller trades and *di minimus* balances). Information on Client transactions is not shared with Northern Trust's foreign exchange dealers. Northern Trust has implemented safeguards (such as locating the algorithm and trading system in a physically distinct area from Northern Trust's foreign exchange dealers with staff solely dedicated to supporting the algorithm assigned to the algorithm) on top of existing "Chinese Wall" procedures and software restrictions.

Silchester expects that the counterparties included in the foreign exchange trading panel will normally account for at least 50% of the estimated average global daily volume of foreign exchange traded against various currency pairs. The spread of counterparties should provide for competitive pricing and the creation of a transparent foreign exchange market. Northern Trust remains the legal counterparty for all Client transactions and Northern Trust bears the financial risk of settlement if one of the members of the panel fails to meet their obligations. Northern Trust provides Silchester with transaction cost analysis ("**TCA**") reporting for each foreign exchange transaction and for longer term trend analysis. This helps Silchester monitor the performance of the algorithm and also the quality of quotes received.

When trading foreign exchange with the algorithm, Silchester will notify Northern Trust of its intended trades. Barring extraordinary volatility or instability in a specific currency market, such as would occur following the default by a government on its sovereign debt obligations, bankruptcy of a major financial institution, dissolution of a government established currency board, withdrawal from a common currency arrangement (such as the Euro), act of god or terrorist-related event of severe impact or other event or condition which causes extraordinary volatility or instability in a specific currency market of a similar magnitude, Northern Trust has agreed to execute these spot foreign exchange transactions on a “best bid, best offer” basis, subject to depth of liquidity, validity of quotes and anti-gaming constraints.

Silchester has agreed to pay Northern Trust a fee out of Silchester’s own financial resources in exchange for Northern Trust developing, maintaining, monitoring and enhancing the foreign exchange trading algorithm, operating the foreign exchange panel, providing balance sheet support to Client foreign exchange trading, bearing the counterparty risks of trading with panel participants and providing the transaction cost analysis. Northern Trust has agreed not to charge any other spread, mark up or administrative charge regarding the use of its foreign exchange trading algorithm.

By creating competition amongst multiple market counterparties, Silchester hopes that the costs of trading foreign exchange drops and tighter spreads arise. Using the algorithm also allows Silchester to minimise the time lag between the execution of equity trades and resulting foreign exchange trades. Finally, although one cannot totally control the risks of irresponsible behaviour, Silchester hopes that an automated, electronic trading environment segregated from trading desks and operated in a quasi-agency manner helps to reduce the risk of alleged collusion and market manipulation.

### ***Trading in Restricted Currencies***

Restrictions exist in some countries that prohibit foreign exchange trading outside of exchange trading hours. In these countries (such as Taiwan, Malaysia, South Korea, Brazil, India, Thailand, Vietnam and Indonesia) Northern Trust will trade spot foreign exchange directly during market hours with their sub custodians or other market counterparties. Other markets impose “pre-funding” requirements on spot foreign exchange transactions. In these markets, this means that each Client must hold sufficient local currency before buying, or settling the purchase of, an underlying equity security. Upon successful trade matching an automated SWIFT message is generated. This message informs Northern Trust Restricted FX Dealers of the requirement to purchase or sell a given restricted currency during the next market trading session pursuant to standing instructions and settlement conventions. Northern Trust notifies Silchester of the rate obtained, the time of the trade(s) and certain market data which will include any counterparty rate quotes obtained by Northern Trust in the course of executing the transaction. Because Silchester may ordinarily execute foreign exchange transactions in non-restricted currencies only with counterparties appointed by Northern Trust, Silchester may be unable to obtain any improvement in the rates quoted by Northern Trust or one of its sub custodians. This may result in the Client paying higher spreads than would be expected if Silchester had the opportunity to seek rate quotes from multiple counterparties. Northern Trust charges Silchester an administrative fee in exchange for providing these services which Silchester pays out of its own financial resources. Northern Trust has agreed not to charge any other mark up or administrative charge to the Clients with respect to these foreign exchange transactions.

Northern Trust provides Silchester with TCA reporting for restricted currency foreign exchange transaction. Northern Trust also provides various quarterly reports to help support a longer term assessment of the quality of its executions. Silchester also obtains an independent TCA report from a third party it uses to analyse the quality of Northern Trust’s executions.

Delays may occur in the execution of foreign exchange transactions if, for example, the underlying security transaction is not matched, underlying market procedures have not been completed or settlement has not taken place before cut-off times established by Northern Trust, a sub custodian, counterparty or market participant. This could lead to additional foreign exchange exposure and losses.

### ***Trading Forward Currency Contracts***

Forward currency contracts will ordinarily be executed with Northern Trust. These transactions are subject to the terms of an ISDA Master Agreement executed between Silchester and Northern Trust, and other agreements required by law.

Forward currency contracts are executed in two phases. First, a spot foreign exchange transaction is executed. For highly liquid non-restricted currencies this will be done using the Northern Trust algorithm described above. A “points” adjustment is traded in substantially the same manner by Northern Trust referencing publicly offered points data. A “points” adjustment is the amount by which a spot rate is revised to take into account the time delay for delivery of the foreign exchange and is generally assumed to represent the difference in the bilateral interest rates of two currency pairs.

Silchester may execute forward contracts over three, six, nine or twelve months, amongst other time periods. Market liquidity is a significant factor in determining the length of the forward contracts as points adjustments can become expensive during times of market turmoil or where significant concerns exist over the strength of market counterparties. Silchester may not trade non-deliverable forwards for any Client. To seek to further minimise financial risk to a Client of any default by Northern Trust, where unrealised gains exceed a given amount, Silchester may choose to close out a specific contract, restate the positions at the close out price, pay an interest rate charge and bring gains forward in cash.

Northern Trust provides TCA reporting for all forward currency contracts executed using the algorithm.