

Order and Best Execution Policy

Seneca Partners Limited

November 2023

Overarching Principles

Seneca Partners Limited (“Seneca”), maintains policies, procedures, and strategies to meet its overarching obligation to take reasonable steps to deliver the best possible result for Clients based on defined execution factors. These are covered within this document and are commonly referred to as “Best Execution.”

Seneca clients will be classified as either Professional or Retail but regardless of their classification for the purposes of Best Execution we will treat all as Retail, to ensure the best possible result for clients.

Seneca is a discretionary manager and does not accept client orders but makes investment decisions in the best interests of clients. Should a client wish to sell existing investments, for example if their financial situation has changed, this will be considered by the investment manager who will make the decision, taking all other considerations for an investment manager into consideration.

It is noted that, where a client provides instructions to sell and the investment manager uses their discretion to sell, then this may prevent Best Execution from being achieved.

To deliver Best Execution, Seneca will consider the requirements under FCA Principles including Principle 12 relating to Consumer Duty. Seneca will also consider any separate fiduciary duties and/or contractual obligations. Seneca ensures that when transmitting or placing orders with other entities for execution, it will seek to establish that those entities comply with Seneca’s best execution requirement. A list of Seneca’s approved brokers is available to clients on request.

Seneca records the execution of orders that are placed by it. These records are monitored and reviewed on a frequent basis to ensure that Seneca is meeting its Best Execution obligations.

Notwithstanding the steps which will be taken, Seneca is unable to guarantee that “best execution” will occur in respect of every order. However, as part of our overarching obligation Seneca will provide the best possible result on a consistent basis. Nonetheless, at times, Client instructions may take precedence over this policy, and as noted it is unlikely that such trades will meet Best Execution.

This policy below will only be relevant when Seneca transmits or places orders with other entities directly such as brokers, liquidity providers or MTFs for execution.

Seneca is compensated by management and performance fees paid to it, by its clients. In keeping with our regulatory and legal duty to avoid conflicts of interests, Seneca and all staff have a direct interest in ensuring the best possible execution for its clients.

1. Internal Order Execution Arrangements

Seneca may follow different arrangements when for a whole order, or for a part of an order. Clients should take note that there may be circumstances, where whilst Seneca takes reasonable steps to meet our overarching obligations, they may not be achieved.

This is particularly true in respect of illiquid instruments, off-market sales or limited execution venues, therefore it may be inappropriate to judge best execution against the price achieved.

In such instances Seneca will use commercial judgement and at a price deemed appropriate by an investment manager.

2. MiFID II Requirements

Below summarise the key requirements under MiFID II and what it means for us and you as our clients:

a) Seneca has established a robust control environment, in order to meet its obligations under MiFID II which requires firms to take all “sufficient steps” to obtain the best possible results for its clients. This indicates a higher standard on firms compared to MiFID I and means that Seneca is able to identify any potential deficiencies that will prevent us from achieving, on a consistent basis, Best Execution for our clients.

b) Under MiFID II, Seneca is required to provide you with further information about the consequences when Seneca executes your order outside a Regulated Market or MTF. This means we have to highlight to you the fact that using market counterparties will result in counterparty risks. Please note that under our terms and conditions, in the event that the market counterparty defaults in its obligations or it becomes insolvent, we will not be responsible to you for any loss suffered by you by reason of any cause beyond our control.

3. Selection of Best Execution Factors

Seneca will consider the differences in investor’s objectives when selecting the weighted importance of best execution factors. These factors, as defined in COBS chapter 11 are;

- The characteristics of the Client;
- The characteristics of the Client order;
- The characteristics of the financial instrument to which that order relates including but not limited to size and nature, market impact of the order; and
- The characteristics of the execution venues or entities to which that order can be directed such as but not limited to speed, likelihood of execution and settlement and any other transactional costs whether implicit or explicit.

As indicated, the methodology in selecting an appropriate execution venue may be varied by at Seneca’s discretion using commercial judgment and experience where this would not prejudice acting in the Client’s best interest.

Seneca generally considers the most important factor of the execution factors to be ranked as;

- Price and related execution costs;
- Any other Costs;

- Speed of Execution;
- Likelihood of execution and settlement;
- Size of the order; and
- Settlement efficiency.

Additionally, Seneca relies on “other” factors when selecting best execution factors such as expertise, trading insights and market knowledge when placing an order.

Whilst price is not the only factor that can be considered, generally when playing an Order to sell Seneca will set a minimum price. If the order is filled below such price, without additional consideration and further instructions, then Seneca will not consider Best Execution has been met. Consequently, third parties are instructed to seek further instructions should they be unable to meet the minimum price.

Note that the considerations in respect of price do not apply to occasions in which we have decided to sell following a customer request. In such occasions, third parties are instructed to seek sale “at best”.

4. Order Execution Venues

An execution venue is where a client order is executed. Seneca places significant reliance on regulated markets, the Alternative Investment Market (“AIM”) of the London Stock Exchange, and other venues depending on the nature and type of investment, either directly or via a third party. Third parties are selected on their ability to meet the best execution factors listed above.

As stated above, for certain illiquid investments there may be no formal venue, or a limited option of choice. Additionally, certain orders may be executed outside regulated, or non-EU markets or MTFs. A Client’s express consent to deal in un-regulated or non-EU markets or MTFs is deemed to be given in our Contractual Terms between Seneca and the Client.

When selecting a venue, Seneca will take into consideration the various criteria above as well as use its commercial judgment and experience. Seneca will also consider whether or not the execution venue is determined by other factors such as the equity being quoted or listed on a particular regulated market.

Seneca reserves discretion to modify, add or remove execution venues. A current copy of a list of execution venues that Seneca has used in the past 12 months is at appendix 1.

5. Instruments

Due to the nature of our management, we currently invest in equities only, sometimes with warrants attached, and with cash at bank.

6. Aggregation

There may be occasions where we will combine customer orders with our own order or those for other customers. This will occur when we reasonably believe that it will be to your advantage to do so. On occasions, however, aggregation may not work to your advantage and may result in you obtaining a less favourable price. When SPL aggregates a customer order with an order for another customer or fund,

and part or all the aggregated order has been filled, it must promptly allocate the designated investments concerned. When aggregating an order, it may execute the order in part if does not prove possible to execute the order in full.

In appointing Seneca, a customer recognises that aggregation may delay the execution of a transaction, and that it may operate to its advantage or disadvantage on some occasions. Seneca may act as Agent for the customer in relation to transactions for which they are also acting as Agent for other clients, Associates, or funds. Where an instruction is given on behalf of a number of portfolios, and where a pre-allocation has been made for those customers, stock should be allocated on a pro-rata basis unless there are sound reasons for applying alternative allocation criteria.

Alternative criteria might, for example, include the following:

- Uneconomic Holding / De Minimis; stock would not be allocated to a customer if it would be uneconomic or prohibitive, from a dealing cost point of view, for the customer. An allocation would be regarded as uneconomic or prohibitive if the administrative cost of the transaction were disproportionate to the value of the stock allocated.
- Higher Priority: some customers might be considered to be a higher priority from an investment management perspective than other categories of customer. For example, customers with higher cash weightings may have a greater need for a higher allocation of a purchase order. Conversely, customers with heavily overweight positions in a stock may have a greater need for a disproportionate allocation in a sale order. Where liquidity is an issue for the size of sale orders and there are no allocation criteria as above practicable, the order of customer allocation will be by ballot or similar allocation. All allocations will be made on a timely basis and records kept of the basis of allocation and any change to that allocation.

7. Execution timing and priority

Once a decision is made to execute an order on your behalf, it will be executed as soon as reasonably possible unless we believe that by postponing your order is in your best interests. Orders will be executed in the order of the decision made, except where there are special conditions such as limited liquidity, price limits or where conditions exist that may require additional time to ensure we achieved the best possible result.

8. Consent

While we take all sufficient steps based on the resources available to us to satisfy ourselves that we have processes in place that can sufficiently be expected to obtain the best execution of your order we cannot guarantee that we will always be able to provide best execution of every order executed on your behalf. We are required to obtain your consent to our Order Execution Policy and your express consent should we need to undertake a transaction outside a regulated market or MTF.

Similarly, your express consent is required should you not wish us to make public any limit order that you place with us. Our commitment to provide you with best execution does not mean that we owe you any fiduciary responsibilities over and above the specific regulatory obligations placed upon us or may be otherwise contracted between us. By signing or agreeing to the confirmation of your investment section of the Investor Application Form you consent to our Order Execution Policy.

9. Monitoring and Review

Seneca will review and monitor the effectiveness of this policy at least annually or when there is a material change with a view to identifying and, where appropriate, correcting any deficiencies revealed by the review. We will assess whether the execution venues to whom we transmit Orders providing the client with the best possible result.

10. Communications with Clients

Any material changes to policies or arrangements will be notified in writing to Customers. Seneca will also provide relevant information at the request of the Customer to demonstrate conformance with this policy subject to commercial sensitivities.

For all questions relating to this policy please do not hesitate to contact the Compliance Officer.

November 2023

Appendix 1 – Execution Venues used in 12 months to November 2023

A list of the execution venues which Seneca has used in the last 12 months is set out below.

This list does not restrict Seneca from using other execution venues if we deem it appropriate to do so.

- London Stock Exchange – AIM (AIMX)
- Aquis Stock Exchange (AQSE)
- Nasdaq Stock Market (NASDAQ)