

Ruffer AIFM Limited Order execution policy summary

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Clients should be aware that any specific instructions received from them in relation to an order may prevent Ruffer from taking the steps that it has designed and implemented, set out in the following policy, to obtain the best possible result for the execution of discretionary client orders.

In this statement an 'order' means a transaction undertaken by Ruffer for the Client, under the provisions of its discretionary investment management agreement.

1 Introduction

When executing an order, Ruffer takes all sufficient steps to achieve 'best execution' in relation to that order. Ruffer has in place a policy and procedures which are designed to obtain the best possible execution result, subject to and taking into account the nature of the orders for the Client, the market in question and which provides, in Ruffer's view, the best balance across a range of sometimes conflicting factors.

Ruffer will take into consideration a range of different factors which include not just price, but also include the total cost of the transaction, the need for timely execution, the liquidity of the market, the size of the order, and the nature of the financial transaction, including whether it is executed on a regulated market or over-the-counter, the likelihood of settlement and the prevention of any information leakage.

Ruffer will exercise its own discretion in determining the factors that it needs to take into account for the purpose of providing 'best execution' to the Client.

Ruffer's commitment to provide the Client with best execution does not mean that it owes the Client any fiduciary obligations over and above the specific regulatory obligations placed upon Ruffer or as may be otherwise contracted between the Client and Ruffer and Ruffer cannot guarantee that it will always be able to provide best execution of every order executed on behalf of the Client.

The majority of trades are placed via electronic 'platforms' (for example TradeWeb, Fidessa, Calastone, FX Connect and Bloomberg EMSX). The only exception is OTC derivatives (except forward foreign exchange), which are traded via Bloomberg IB Chat, supported by voice.

2 Execution factors

The execution factors that Ruffer will take into account are price as well as transaction/overall costs, speed, likelihood of execution and settlement, size and nature of the deal and any other considerations relevant to the order across all financial instruments.

In determining the relative importance of the execution factors, Ruffer takes into account –

- 1 The characteristics of the Client order
- 2 The characteristics of financial instruments that are the subject of the order and
- 3 The characteristics of the execution venues/brokers to which that order can be directed

Ruffer also takes into account whether the Client is a Retail or Professional Client. However, as Ruffer affords all Clients the highest level of protection (those given to Retail Clients), orders are not split between Retail and Professional Clients, and this is not a factor that changes the relative importance of the execution factors on a transaction-by-transaction basis.

Ruffer has grouped the execution factors that it has identified into three groups: Primary Factors, Initial Parameters and Secondary Factors.

The Primary Factors relate to how we will execute, and are taken into account by the Dealing Team when planning the execution of the trade and include

- 1 Overall cost of the trade (including execution commission and other relevant costs)
- 2 Price
- 3 Order aggregation
- 4 Likelihood of execution (the time of day, the market liquidity versus the size of the order)

The Initial Parameters are set by the Client's discretionary investment manager who is making the decision to trade, and they vary the weighting of the Primary Factors. If the decision maker does not set any initial parameters, the Dealing Team will revert to the default weighting of the Primary Factors.

Initial Parameters include

- 1 Urgency regarding price
- 2 Urgency regarding speed of execution
- 3 Order limits
- 4 Basket/program trade

Finally, the Secondary Factors relate to who we will execute with. The majority of these factors are not trade-by-trade considerations but relate to which brokers we will have on our Approved Broker list and who we use in a given instance. These include

- 1 Likelihood of settlement failures or outstanding failed settlements
- 2 Broker reactivity and prevention of information leakage
- 3 Broker risk tolerance
- 4 Market flows
- 5 Collateral processing
- 6 Trading within internal derivative diversification and risk limits

7 Single execution venue (for example collective investment schemes and forward foreign exchange)

The Primary Factors set out above are in order of relative importance, with total cost being the most important. Where the Client is a Retail Client, Ruffer will determine the best possible result for the Client by reference to the total consideration relating to the execution of the deal, representing the price of the financial instruments and the costs related to execution, including all the expenses of the Client which are directly related to the execution of the order. However, there will be times where other Primary Factors, Initial Parameters or Secondary Factors may be given precedence over the immediate price and cost consideration, but only insofar as they are instrumental in Ruffer delivering the best possible result in terms of best execution to the Client.

A summary of the relative importance of the Primary and Secondary Factors when dealing in different financial instruments, when not affected by Initial Parameters, is set out in Appendix B.

3 Venue selection

There are two ways in which Ruffer deals in investments

- 1 Ruffer passes Client orders to brokers for execution
- 2 Dealing directly on a trading venue, for example a regulated market, a multi-lateral trading facility (MTF), an organised trading facility (OTF) or systematic internaliser (SI)

The selection of the routes set out above is down to the type of instrument. Set out below are the instruments which we will deal through each of the two routes.

When dealing with brokers, we select the broker that we consider will enable us to achieve best execution for the proposed transaction. Details of which brokers we choose from is set out in Section 6 below.

Where Ruffer is limited to a single execution venue in respect of an instrument or group of instruments, Ruffer has concluded that such a limitation does not hinder the attainment of best execution on a consistent basis. We will only select a single venue where we can reasonably expect that use of the selected venue will enable us to obtain results for Clients that are at least as good as the results we could reasonably expect from using alternative venues. This reasonable expectation is supported by analysis of available data.

Ruffer does not receive any remuneration, discount or non-monetary benefit for routing orders through a particular venue which would infringe Ruffer's conflict of interest or inducement obligations. Ruffer LLP has no close links, conflicts of interest or common ownership with any of the brokers/counterparties that it uses for transactions on its Clients' accounts, except for uncollateralised, unsecured FFX transactions executed via Ruffer (Channel Islands) Limited (a wholly owned subsidiary of Ruffer LLP).

4 When passing Client orders to brokers for execution

This describes where Ruffer deals through a broker

When passing Client orders to brokers for execution, for each of the categories below, unless stated otherwise, the execution factors are prioritised as set out in the Execution Factors section above; the Primary Factors, varied by the Initial Parameters and then the Secondary Factors.

In choosing which broker to send a Client order for execution to, Ruffer will determine in its discretion the factors to apply in making the choice, as set out in section 6 below.

4.1 Purchase or sale of equities and equity-like instruments

Equities and equity-like instruments include shares, depository receipts and non-derivative exchange traded products. Market practice dictates that Ruffer does not itself check the price which a broker thinks it may be able to obtain for any deal against such prices given by other brokers, since Ruffer's intention to deal in a particular stock is price sensitive information. Instead Ruffer requires, in terms of business with brokers (amended as necessary), that its brokers provide best execution on all deals executed by the brokers for Ruffer (be it an equity trade or a trade in another instrument).

4.2 When dealing in an initial public offering or secondary placing

Generally, an 'Initial Public Offering' will be via a broker where the price is set by the syndicate of bookrunners. A 'Secondary Placing' will generally be via a broker with the price set by the syndicate but is dependent on the market demand for a given supply of stock. Dealing at the price set by the syndicate or the market is considered to be achieving best execution as Ruffer has no direct impact on the market price while being able to transact in larger than normal market size. Approval must be granted from Legal and Compliance prior to participation in a secondary placing to ensure Ruffer is not acting upon any known inside information.

4.3 Purchase or sale of fixed income securities

Ruffer will seek competitive pricing and/or check the price given by the broker against available market data to ensure that it is appropriate to the size and nature of the deal being done.

4.4 Purchase or sale of derivatives traded on exchange

Derivatives traded on exchange include interest rate, credit, currency, equity/index or securitised derivatives – collectively Exchange Traded Derivatives (ETD). The prices offered by members of the relevant exchange tend to be standardised. Ruffer therefore chooses an exchange member through whom to deal by reference to the overall quality of execution. This takes into account our Primary, Initial and Secondary factors. Ruffer may ask two or more of its ETD counterparties to provide competing quotes.

5 When 'executing' orders for the Client

This means where Ruffer does not put trades through external

brokers, or where Ruffer is deemed to be 'executing' orders under applicable regulation.

Ruffer executes Client orders in five circumstances.

For each of the categories below, unless stated otherwise, the execution factors are prioritised as set out in the Execution Factors section above; the Primary Factors, varied by the Initial Parameters and then the Secondary Factors.

5.1 Purchase or sale of units or shares in a collective investment scheme (CIS)

Ruffer may invest from time to time in units or shares in one or more CIS where the assets are managed by Ruffer, a subsidiary of Ruffer or by a third party. The only way to purchase or sell units or shares in a CIS is through the CIS, or its manager/ registrar – this therefore is the only possible execution venue. The relevant transactions will usually be on the terms as set out in the prospectus of the relevant CIS. On determining to deal, Ruffer will instruct the product manager/registrar in relation to the deal in order to obtain the price at the next available dealing point.

Ruffer's approach achieves the best possible result for the Client since the product manager/registrar is the only practicable point of liquidity in relation to such units or shares.

5.2 Purchase or sale of shares in Ruffer Illiquid Multi Strategies Fund 2015 Limited (RIMSF)

RIMSF is a closed-ended Guernsey investment company, which is listed but not traded on the Channel Islands Securities Exchange, the assets of which are managed by Ruffer (or a subsidiary of Ruffer). Investment in RIMSF is limited to portfolios managed by Ruffer (or a subsidiary of Ruffer) for its Clients.

Where new shares are issued by RIMSF, Ruffer applies for shares on behalf of its Clients through the administrator of RIMSF, Northern Trust International Fund Administration Services (Guernsey) Limited. As the shares are not traded on exchange, this is the only possible execution venue for the purchase of new issues of shares in RIMSF. The subscriptions for new shares will be on the terms set out in the most recent listing particulars of RIMSF. Ruffer's approach achieves the best possible result for the Client since the administrator of RIMSF is the only practicable point of liquidity in relation to such new shares.

Where Ruffer wishes to sell Clients' existing shares in RIMSF, and if Ruffer wishes to buy such shares for other Clients, it sells and purchases such shares between the two relevant Client portfolios. Ruffer maintains a register of those Clients wishing to sell and those Clients wishing to buy shares. The register is closed at each pricing point of RIMSF and available sellers and purchasers are matched against each other. The relevant shares are bought and sold, on a 'first come first served' basis, at the following pricing point of the RIMSF. The transactions are undertaken at the net asset value of RIMSF at such pricing point. Ruffer's approach achieves the best possible result for the Client since there is no practicable point of liquidity in shares

in RIMSF outside Ruffer.

5.3 Using forward foreign exchange (FFX)

Where the Client's portfolio contains investments denominated in a currency other than that in which the portfolio is itself denominated or where the Client requests that Ruffer manages the currency risk in the Client's portfolio by reference to another currency (such as the currency of the place of residence of the Client), Ruffer may enter into an FFX transaction.

Ruffer's practice is to undertake such transactions with the custodian of the Client's account where this can be done without the custodian requiring the posting of collateral or the taking of security over the Client's account. Where the relevant custodian does require the posting of collateral or the taking of security, Ruffer may execute such transactions with other banks if it is able to deal with them without the posting of collateral or the taking of security, and where the bank offers a price where best execution can be achieved and (in Ruffer's view) the optimum creditworthiness. For Clients where Ruffer provides custody via a pooled nominee account, Ruffer currently has arrangements to undertake uncollateralised, unsecured FFX transactions with Royal Bank of Canada on this basis, although the transactions are executed via Ruffer (Channel Islands) Limited (a wholly owned subsidiary of Ruffer LLP). For Clients where Ruffer provides custody via a segregated nominee account (in the client's name), Ruffer currently has arrangements to undertake uncollateralised, unsecured FFX transactions with The Bank of New York Mellon.

Ruffer's approach achieves the best possible result for the Client since (a) a practice of dealing through the custodian of the Client results in the lowest overall cost of dealing, save where the custodian requires the posting of collateral or the taking of security, in which case (b) dealing through banks which offer the best price and creditworthiness on an uncollateralised unsecured basis offers the best practicable alternative for the Client.

5.4 Purchase or sale of over-the-counter (OTC) derivatives

Where permitted to do so by the Client, and by applicable regulation, Ruffer may from time to time purchase OTC derivatives (such as interest rate, credit, currency, equity/index or securitised derivatives) for portfolios of the various CIS it may manage, or (exceptionally) for other Client portfolios. When determining which counterparty to trade with on an OTC trade, Ruffer may invite a number of counterparties to provide a quote for the trade, on the basis of an evaluation of the execution capability and creditworthiness of the counterparties, and the willingness of the counterparties to deal with Ruffer (given its client base).

Where dealing in an OTC product, Ruffer will gather relevant market data and/or compare similar or comparable products in order to check whether the proposed price is fair and delivers on the best execution obligation.

Ruffer will then choose a counterparty to be the execution

venue for the trade which provides the best price, liquidity and the optimum creditworthiness; these are the factors that Ruffer currently considers most important in this regard. Ruffer may ask two or more of its panel of OTC counterparties to provide competing quotes.

The Secondary factors of 'Derivative dealing capability' and 'Trading within internal derivative diversification and risk limits' will have a higher importance than the Primary factors and Initial parameters for such transactions. Ruffer's approach aims to achieve the best possible result for the Client by dealing with the counterparty that provides the best quote in terms of cost and is, in Ruffer's opinion, creditworthy.

5.5 Purchase or sale of fixed interest securities dealt on a request for quote basis

Ruffer may invest in fixed interest securities and may purchase or sell such securities on a 'Request For Quote' basis. 'Request for Quote' means making a direct approach to one or more brokers to request a firm price or spread at which they are willing to buy or sell a specified financial instrument. In dealing in this way, Ruffer shall take all reasonable steps to obtain the best possible result for the Client taking into account price, cost, speed, likelihood of execution and settlement, size, nature and any other consideration relevant to the execution of the order. This may include seeking competing quotes from different brokers.

6 Brokers

6.1 Broker selection

Ruffer conducts dealing (trades or deals) through brokers that are authorised and regulated by the United Kingdom's Financial Conduct Authority (FCA) and/or Prudential Regulatory Authority (PRA), or by other equivalent regulatory bodies. Financial instruments may be dealt as an agency trade (with commission paid), or dealt net (with no execution commission paid).

The choice of broker is governed by seeking best execution for all of Ruffer's Clients involved in a trade (as described above). The venues on which brokers deal vary, with the principal execution venues being member firms of, or directly on, United Kingdom or overseas stock exchanges.

Ruffer selects executing brokers according to whether we judge they can provide best execution for securities dealing. All brokers who deal on Ruffer's behalf are subject to the broker account application process.

Brokers are proposed and sponsored through the application process by members of the Dealing Team, which includes approval from the Investment Support Team and a member of Ruffer's Executive Committee. The process includes assessment of the broker's counterparty risk, operational capabilities, regulatory environment, and proposed trading limits. All approved brokers and their exposure thresholds are reviewed periodically by the Investment Support Team and considered

by a sub-committee of Ruffer's Executive Committee.

6.2 Ruffer's current approved broker list and review

The approved brokers at the date of this policy are listed in Appendix A. At least annually, Ruffer conducts a review of all of its brokers.

6.3 Passive and aggressive orders

Ruffer places all applicable transactions through a broker, so it is not required to disclose the distinction between passive and aggressive order types within the best execution reports.

7 Monitoring best execution

Ruffer monitors the effectiveness of its order execution arrangements and execution policy to identify and, where appropriate, correct any deficiencies. It uses a third party product to assist with this monitoring and the monitoring is carried out by the Dealing Team and the Compliance Department.

8 Review

Ruffer reviews its order execution policy and execution arrangements at least annually. They are also reviewed whenever a material change occurs.

Ruffer sends a summary of its order execution policy to Clients annually or during the year if a material change occurs.

9 Execution commission rates

Dealing charges for the execution of transactions ('execution commission') may be levied by brokers on deals Ruffer undertakes for its Clients. This commission is paid by the Client, as stated in Ruffer's existing table of charges.

9.1 Execution commission

Ruffer adopts a global approach to its dealings with brokers, which enables it to maintain strong relationships regardless of which market it may wish to deal in. Ruffer similarly requires that its brokers provide the same global commission rate for all transactions, with some variations for less developed markets (but we ensure that country variations are the same for all brokers). Local dealing taxes are not included in the execution commission and are charged separately to the Client. A single execution commission is charged by brokers for the cost of execution of transactions. Global commission rates are agreed for high touch, algorithmic and program trades.

Ruffer endeavours to set this execution commission rate at the same level for all brokers, since Ruffer expects all brokers to attain the same standards of execution if it is to transact with them – the level of commission should not in itself determine where a security is dealt. Ruffer sets this execution commission rate at the level it believes will provide the optimal cost-benefit trade-off for its Clients' portfolios.

The execution commission rate may on occasion vary from the standard rate due to the liquidity of the securities being dealt, the market and variations in local market costs. Liquidity can vary from market to market, or by stock-specific factors, such

as market capitalisation or free-float.

9.2 Net trading

Ruffer has arrangements with several brokers to deal net, ie at zero execution commission ('net trading'). This is principally for dealing in fixed interest securities and OTC derivatives.

Investments into and out of collective investment schemes do not incur an execution commission (though the funds themselves may bear execution commission in their underlying dealing).

9.3 Internal crosses in the market

We disaggregate, where possible, orders where we are buying and selling the same share and cross them in the market via one broker at either mid-price or volume weighed average price (VWAP). There can be varying reasons for this type of transaction but primarily inflows and outflows across the firm or managing portfolios between family accounts.

Whilst it is a low cost service by the broker, it is not a zero cost. We therefore ensure that an appropriate execution commission is paid, so that Ruffer is not receiving an inducement.

9.4 Periodic disclosure of commission

Ruffer discloses to its Clients on a quarterly basis a breakdown of the execution commissions and other dealing related charges that the Clients have paid on all transactions, in Clients' quarterly valuations.

10 Purchase of research

Research is paid for directly by Ruffer, whether it is provided by a broker or an independent research provider. Third party research is an important source material for Ruffer's research team and fund managers. The cost is not part of dealing charges mentioned above and there is no link between the execution commission paid when Ruffer deals and the receipt of research.

11 Inducements

No inducements are received from or provided to venues, brokers or other third parties, except allowable minor non-monetary benefits as set out in the regulations. We will always ensure that such benefits given or received are designed to enhance the quality of the service to our Clients and that they do not impair our ability to act honestly, fairly and professionally in their best interests.

Examples of acceptable minor non-monetary benefits are hospitality of a reasonably low value (such as food and drink during a business meeting, conference, training or seminar), generic information or documentation relating to a financial instrument and participation in conferences, seminars and other training events on the benefits and features of a specific financial instrument or service.

Ruffer has no arrangements with any execution venues regarding payments made or received, discounts or rebates.

Appendix A – Ruffer’s current approved broker list

Bank of America Merrill Lynch	HSBC	Peel Hunt (KBC Group)
Barclays	Investec	RBC
Berenberg	ITG Europe Ltd	RBS (NatWest)
BMO Capital Markets	Jane Street	Redburn LLP
BNP Paribas	Jefferies	Sanford C Bernstein
BTIG Limited	JPMorgan	Santander
Canaccord (includes Collins Stewart)	Liberum Capital	Scotiabank
Canadian Imperial Bank of Commerce (CIBC)	Liquidnet	Shore Capital Stockbrokers
Cantor Fitzgerald	Lloyds Bank Fixed Income	Skandinaviska Enskilda Banken Lndn
Carnegie	Macquarie	Société Générale
Cenkos	Mizuho International	Stifel Nicolaus Europe
Citigroup	Morgan Stanley	Sumitomo Mitsui Banking Corporation Nikko
CLSA (Citic Securities)	N+1 Singer Ltd	Svenska Handelsbanken
Credit Suisse	Nomura (including Instinet)	Toronto Dominion Bank
Daiwa	Nordea	UBS
Deutsche Bank	Northern Trust	Wells Fargo Fixed Income
Exane	Numis	Zeus Capital
Finn Capital Markets	Oppenheimer	
Goldman Sachs	Panmure Gordon	

Appendix B – Factors matrix per instrument type

The Primary Factors detailed in Section 2 are in order of relative importance, with total cost being the most important. However, there will be times other Primary Factors, Initial Parameters or Secondary Factors may be given precedence over the immediate price and cost consideration, but only insofar as they are instrumental in Ruffer delivering the best possible result in terms of best execution to the Client.

A summary of the relative importance of the Primary and Secondary Factors when dealing in different financial instruments, when not adjusted by Initial Parameters on a trade-by-trade basis, is set out as follows –

	Equity	Initial	Fixed income securities and floating rate notes	Collective		Forward	OTC
Overall cost of the trade	1	2	1	2	1	2	2
Price	2	3	2	3	2	3	3
Order aggregation	3	4	3	4	3	4	4
Likelihood of execution	4	5	4	5	4	5	5
Derivative dealing capability and diversification and risk limits							1
Single execution venue		1		1		1	
Other secondary factors	5	6	5	6	5	6	6