HERALD INVESTMENT MANAGEMENT LIMITED

Order Execution Policy

Introduction

Herald Investment Management Ltd ("Herald") is committed to act in the best interests of its clients. One of the key elements of that is the delivery of best execution. Under the Conduct of Business ("COBS") rules of the Financial Conduct Authority ("FCA"), firms are also required to establish and implement an order execution policy regarding the duty to obtain the best possible result for clients when executing orders.

Purpose

Herald is a full scope UK Alternative Investment Fund Manager ("AIFM") with top up permission to provide certain Markets in Financial Instruments Directive ("MIFID") investment services and, therefore, in accordance with COBS 11, Herald must:

- when executing orders in its capacity as an AIFM, take all reasonable steps to obtain the best possible results for its clients taking into account the execution factors;
- when executing orders in any other capacity, take all sufficient steps to obtain the best possible results for its clients taking into account the execution factors;
- provide its clients with appropriate information on its order execution policy; and
- obtain the consent of clients to its order execution policy.

This document has been prepared to provide Herald's clients or prospective clients with information on Herald's order execution policy which is sufficient to enable them to form an opinion as to whether they wish to consent to it.

Scope

Herald's order execution policy applies only to clients classified as *Professional Clients*. Should a client be classified as, or request classification as, an *Eligible Counterparty*, it would lose certain regulatory protections including those relating to best execution.

Herald is considered to be executing an order on a client's behalf when it uses the discretion provided in its investment management agreement with that client to place, without further reference to that client, an order relating to any financial instrument of a type which Herald is authorised to deal in.

Execution Factors

When executing orders on a client's behalf Herald may take into account the following Execution Factors when seeking to obtain the best possible result for its client:

- price;
- costs;
- speed of execution;
- market liquidity, or any other factor affecting the likelihood of execution and settlement;
- order size;
- maintenance of a continuing business relationship with the chosen Execution Venue. For instance, for Herald to maintain its access to potential future investments such as IPO's and to a wide range of Execution Venues it is important that it retains valued client status with a large number of brokers and market makers; and
- nature of the transaction, or any other factor relevant to its execution.

Taking account of the Execution Criteria referred to below, Herald will use commercial judgement and its experience and knowledge of market conditions to determine the relative importance of the Execution Factors to a particular order.

While quoted market price will generally have a high relative importance, in the relatively illiquid small capitalisation markets in which Herald primarily operates, where the size of the orders Herald places can in many cases be a high multiple of total average daily volume and an even greater multiple of the size in which any market maker is quoting a price, it should be recognised that the ability to complete an order may, in certain circumstances, be a more

significant factor than price in obtaining the best possible result for the client.

For the typical size of companies in the sectors in which Herald currently executes orders, many securities are thinly traded. The resulting illiquidity means that orders can often only be executed with a single Execution Venue, or a small number of Execution Venues, which make a market in the security. Indicated market prices quoted by these Execution Venues may in fact only be available for order quantities significantly smaller than Herald wishes to execute, and for this reason may not be an accurate indicator of the best price that was in fact available in the market at the time the order was executed. Where the price at which an order was executed shows an unfavourable material variance from indicated market prices, the reasons why best execution was apparently not obtained will be evaluated by the investment manager responsible for the order including following up with the dealer and/or relevant executing broker where thought necessary.

Execution Criteria

When executing orders Herald will take into account the following characteristics to determine the relative importance of the Execution Factors:

- the client, including the client's investment objectives and any applicable investment restrictions;
- the order, including any effect it is anticipated the order itself will have on the market;
- the financial instruments that are the subject of the order; and
- execution capability of the Execution Venue to which that order can be directed.

Execution Venues

The regulatory definition of Execution Venues includes any Regulated Market, Multilateral Trading Facility ("MTF") or any other "Trading Venue" as defined by the FCA.

In this policy, the term Execution Venue is used more widely to include brokers as Herald does not deal as principal or directly in the marketplace. Instead, Herald places orders with its approved brokers on an agency basis and as such these brokers owe Herald and its underlying clients a duty of best execution.

Herald maintains a database of approved brokers and orders can only be executed through these brokers. Before a broker can be placed on the database Herald's compliance department has to be satisfied:

- by an examination of the latest published accounts, as to the financial stability of the broker; and
- that the broker itself has in place an order execution policy that meets the requirements of MIFID.

Details of Herald's principal approved brokers are attached in *Appendix 1*.

Execution outside Regulated Markets, MTFs or Trading Venues

Execution of orders and the realisation of those investments, may take place outside Regulated Markets, MTFs or Trading Venues.

In respect of orders which Herald transmit to approved brokers, they have the firms' consent to execute these orders in the most appropriate Execution Venue as they see fit so long as they comply with their best execution obligations.

Selection of Execution Venues

In order not to discriminate between Execution Venues, Herald has agreed standard commission rates on orders placed with them in each market. It is Herald's policy that these commission rates are more generous than might be paid to those Execution Venues for an execution only service, and this is to compensate the Execution Venues for the extra work they have to do to find buyers or sellers of stock (in quantities which are generally well in excess of the average market transaction size) in small capitalisation, often thinly traded companies. Herald believes that if brokers are incentivised to make more effort

to buy or sell on its clients' behalf then this results in improved investment performance, which in the medium to long term is of significantly greater benefit to clients than a policy of considering cost as the primary Execution Factor would be.

Herald will regularly assess Execution Venues to obtain, on a consistent basis, the best possible result when executing orders. It should be noted in this connection that when considering the client's best interests, Herald may look beyond the immediate execution of an order and consider factors (such as improved access to potential investee companies or to placings) which may result from executing an order though a particular Execution Venue and which may benefit the client in the longer term.

Specific Client Instructions

Should a client override a discretionary investment mandate previously provided to Herald by giving specific instructions to execute an order, Herald will execute the order in accordance with those specific instructions even if this produces a less favourable result than might have been obtained by following Herald's order execution policy. If the specific client instructions relate to only part of an order, the remainder of the order will be executed in accordance with Herald's order execution policy.

Policy Monitoring

Herald monitors compliance with its order execution policy as part of its regular compliance monitoring programme. To ensure that the choice of Execution Venues continues to provide the best possible result for its clients, Herald's investment managers regularly review order execution arrangements in response to changes in market liquidity.

Policy Review

The execution policy is reviewed annually, or whenever any material change occurs that would affect Herald's ability to continue to obtain the best possible result for clients. Herald will notify clients of any material changes to its order execution policy.

Client Consent

- Herald is required to obtain prior client consent to its order execution policy; and
- prior express consent from clients to execute an order outside a Regulated Market, MTF or Trading Venue.

When clients are formally notified by Herald of their client classification, they will be provided with a copy of the order execution policy to review and will be asked to sign and return to Herald an acceptance of the policy. By doing so, those clients agree that orders for their account may be executed outside a Regulated Market, MTF or Trading Venue.

Order Execution Policy

Appendix 1 – Execution Venues: Brokers

The following 10 brokers accounted for 52% of the value of broker commission on orders executed by Herald on behalf of clients in the year to 31 December 2025; they are considered to represent those that enabled Herald to obtain the best possible result for the execution of client orders in the stocks in which Herald traded in that year.

Broker
Stifel Nicholaus
Numis Securities Keybanc Capital Markets
Canaccord Genuity Northland Securities
Needham & Co
RBC Dominion Securities
Peel Hunt
Singer Capital Markets
Roth Capital Partners
ODDO BHF SCA
Joh Berenberg Gossler & Co

The largest share of the total broker commission on securities transactions received in the year by any broker was 6.6%. In addition to the 10 brokers shown above who received the most commission a further 36 brokers were dealt with in the year to 31 December 2025.