



Compliance

Investec Europe Limited ('IEL') – Best Execution Policy Disclosure Statement

In accordance with our legal and regulatory requirements, this document sets out IEL's order execution policy in respect of the execution of client orders in financial instruments¹.

The best execution obligation applies whether we are executing orders on behalf of clients or placing orders with, or passing orders to, others for execution. This Policy describes IEL's strategy for obtaining the best possible result for clients on a consistent basis. It sets out the key steps IEL takes to comply with our best execution obligation and how those steps enable IEL to obtain the best possible result for you.

Best Execution – General

We have established and implemented policies and procedures, including an Order and Best Execution Policy, which are designed to be sufficient to ensure we seek to obtain the best possible results for client orders, subject to and taking into account any specific instructions, the nature of clients' orders and the nature of the markets and products concerned.

While we will take all sufficient steps to satisfy ourselves that we have processes in place that can reasonably be expected to lead to the delivery of the best possible result for our clients it may not be possible for us to obtain best execution on every order executed on behalf of clients. Further, if you give us a specific instruction, we will follow that instruction, and this may not result in the same quality of execution as where we retain discretion in relation to the execution of your order.

Scope

This document applies to clients that we have classified as Retail and Professional Clients in accordance with MiFID II rules. Unless otherwise agreed, we will not owe best execution to clients classified as Eligible Counterparties (ECPs), although the duty to identify and manage any conflicts of interests will nevertheless apply.

Best Execution – Overview

What is Best Execution?

Where we owe best execution we are required to take all sufficient steps to achieve the best possible result for our clients taking into account the following factors (together the "best execution factors"):

- price;
- likelihood of execution and settlement;
- costs;
- speed;
- order size;
- nature of the order; and
- any other consideration relevant to the efficient execution of the client's order such as the nature of the relevant market, prevailing market conditions and attempting to minimise market impact.

¹ Financial Instruments as defined in Directive 2014/65/EU, Annex I, Section C.





Ranking of execution factors

We are required to determine the relative importance of each of the best execution factors set out above taking into account the following general criteria:

- your characteristics (including whether you have been classified as Retail or Professional);
- the characteristics and nature of your order, including any specific instructions received; □ the characteristics of the Financial Instruments that are the subject of your order; and
- the characteristics of the execution venues to which your order can be directed.

When executing an order for a Retail Client (and if there are no specific instructions from the client) price and the costs to the client are the most important factors (this includes direct and indirect costs).

The other Best Execution Factors may only be given precedence over immediate price and cost considerations insofar as doing so will contribute towards delivering the best possible result in terms of the total consideration to a retail client.

When dealing with Professional Clients there is more flexibility to give priority to other Best Execution Factors (such as certainty and speed of execution).

When does Best Execution Apply?

Executing an order on behalf of a client

This document contains a detailed breakdown of the application of the obligation of best execution in respect of each business unit and product traded with you by IEL.

We owe best execution when executing orders on your behalf. We will also owe best execution when we are transmitting orders on your behalf to a third party broker for execution. Generally, we will be in receipt of an order and acting on your behalf where an execution instruction is received from you that gives rise to contractual or agency obligations owed by us to you. Such contractual or agency obligations will arise where we are required to exercise discretion in relation to the execution of your instruction or order and you are legitimately relying on us in relation to the exercise of that discretion.

Circumstances in which we consider that you may not be legitimately relying on us in relation to the execution of your orders include where we are approached by you for a “request for quote” - i.e., when you ask us to provide you with a quote in a particular Financial Instrument, or where we will be trading with you as principal “on risk”, in a market where the usual practice of clients is to ask several dealers for quotes, and where your access to prices in the market means you are able to, and do, assess our quotes against those provided by other dealers.

It is however, important to note that in all situations, notwithstanding whether or not a best execution obligation applies, we will still be required to treat you fairly and also to manage any conflicts of interest that may arise.

Legitimate Reliance

To determine whether you are relying on us to deliver best execution, we are required to assess whether you are legitimately relying on us to protect your interests in relation to pricing. Legitimate reliance is driven by reference to your client categorisation and to other characteristics of the transaction. We will consider the following matters in determining whether you are legitimately relying on us in this regard:

1. Whether we have approached you or whether you have instigated the transaction by approaching us. For example, where we have approached you it is more likely that we will consider that you will be relying on us to provide best execution.



2. Questions of market practice. For example, in certain markets (such as in Over the Counter derivative markets) buyers conventionally 'shop around' by approaching several parties for a quote. In such circumstances there is likely to be no expectation that you are relying on us to protect your interests in relation to pricing
3. The relative levels of transparency within a market will also be relevant. For markets where pricing is more transparent and accessible (such as Foreign Exchange), it is less likely that you will be relying on us in relation to the pricing of the transaction.
4. The information provided by IEL about its services and the terms of any agreement between IEL and the client will be relevant, but not necessarily determinative.

In considering these factors we will also have regard to your client classification as well as your experience in the market in question. It is likely that, where you have been classified as a retail client, we are more likely to consider that you are placing legitimate reliance on us in relation to pricing and as such, best execution will apply.

Impact of a specific instruction

If we receive an order from you that includes a specific instruction or specific instructions in relation to the handling and execution of the entire order or a particular aspect or aspects of the order (including selecting a particular execution venue, executing at a particular price or time or through the use of a particular strategy) then, subject to our legal and regulatory obligations, we will execute your order in accordance with your specific instruction.

This means that to the extent of the specific instruction or instructions, our obligation of best execution will be satisfied by executing the order in accordance with your specific instruction. Where your specific instruction covers only a portion of an order (for example, as to the choice of venue), and we have discretion over the execution of other elements of the order, then we will continue to owe an obligation of best execution in respect of the elements of the order that are not covered by the specific instruction.

Application of Best Execution

Cash Equities & Investment Companies

Best execution will generally be owed for all worked orders received by Investec Institutional Equities in cash equities. Where a price is provided committing Investec's own proprietary capital to a client, the Four Fold Test should be considered in assessing whether best execution applies but, regardless, a fair and reasonable price should always be provided.

Unless requested by the client otherwise, across equities the ranking of the execution factors should typically be as follows:

1. Price
2. Likelihood of execution

The remaining execution factors – cost, speed, order size, nature of the order and any other consideration relevant to the efficient execution of the client's order - should generally be given equal ranking.

This is subject to any agreement with your client in relation to a particular trade or trades where the ranking of the execution factors may differ.

In respect of investment companies, only a very small volume of business on the desk is worked (discretionary execution) business. The orders IEL receives where IEL is acting as agent often state a price limit. IEL will follow the client's instruction in relation to their stated limit price by trading the greatest possible volume at or within the price limit. Further, the relative illiquidity of investment companies may make evidencing best execution harder compared to more liquid stocks.



Derivative Solutions

Given the nature of the business of Derivative Solutions and its client base, it is likely that in a majority of deals, the best execution requirements will not apply pursuant to the Legitimate Reliance Test described above. This fact notwithstanding, Derivative Solutions Dealers and Traders will ensure that orders are assessed on a case by case basis, taking into account the factors outlined above, as to whether you may be placing legitimate reliance on us to protect your interests as to pricing and, even where best execution does not apply, will still be required to treat you fairly and also to manage any conflicts of interest that may arise.

FX derivatives

We consider that best execution does not generally apply to transactions in FX derivatives. This is based on the characteristics of the marketplace, products offered and transaction types in this business area, for instance: (i) IEL is often approached by clients in order to provide a quote (request for quote business); (ii) the nature of the market is such that it is market practice to 'shop around' for the best price; and (iii) the FX market has high levels of price transparency allowing clients to see the levels at which transactions can be effected in the market.

However, it is possible that in relation to individual transactions some of the characteristics above may be absent. When best execution is owed, the ranking of the execution factors should typically be as follows:

1. Price
2. Order size and Speed are given an equal ranking

The remaining execution factors – likelihood of execution and settlement, costs, nature of the order and other considerations relevant to the efficient execution of your order - are generally given equal ranking.

In cases where you provide specific execution instructions, those instructions will take precedence over any best execution requirements. Where it is deemed that the client is not placing legitimate reliance upon IEL to deliver best execution and the best execution requirements do not apply to a particular transaction, IEL will deliver fairness in the price based upon available information such as market data and, where possible, the prevailing price of comparable products.

Certain FX forwards are not considered to be Financial Instruments under MiFID 2 and therefore are not subject to the best execution requirements. This is generally the case where the FX forward is for commercial purposes.

Spot FX

A Spot FX transaction, which is an FX transaction involving settlement in the currency within 2 business days of the trade date is not a Financial Instrument under MiFID II and so will not be covered by the best execution rules. We are however subject to a regulatory obligation to treat you fairly as well as to manage any conflict of interest to which we may be subject.

FX Forwards for Commercial Purposes

Certain FX forwards are not considered to be Financial Instruments under MiFID II and therefore are not subject to the best execution requirements. This is generally the case where the FX forward is for commercial purposes

Commodity Derivatives and Interest Rate Derivatives

We consider that best execution does not generally apply to transactions in commodity and interest rate derivatives. This is based on the characteristics of the marketplace, solutions offered and nature of the transactions in these business areas, for instance: (i) IEL are often approached by clients in order to provide a quote (request for quote business); and (ii) it is market practise to 'shop around' for the best price;

However, it is possible that in relation to individual transactions some of the characteristics noted above may be absent. When best execution is owed, the ranking of the execution factors should typically be as follows:



1. Price
2. Likelihood of execution

The remaining execution factors – costs, speed, order size, nature of the order and other considerations relevant to the efficient execution of the client's order - are generally given equal ranking.

Orders in OTC derivatives are agreed bilaterally between us and you. You will therefore have access to, prior to agreeing an order with us, information on price, costs, speed of execution, order size and any other relevant information as required from time to time.

Where it is deemed that you are not placing legitimate reliance upon IEL to deliver best execution and the best execution requirements do not apply to a particular transaction, IEL will deliver fairness in the price based upon available information such as market data and, where possible, the prevailing price of comparable products.

Financial Products

Given the nature of the Financial Products business and its client base, it is likely that in a majority of deals, the best execution requirements will not apply pursuant to the Legitimate Reliance Test described above. This fact notwithstanding, Financial Products Sales and Trading will ensure that orders are assessed on a case by case basis, taking into account the factors outlined above, as to whether you may be placing legitimate reliance on us to protect your interests as to pricing and, even where best execution does not apply, will still be required to treat you fairly and also to manage any conflicts of interest that may arise.

Structured Notes

Given the nature of the Structured Notes business and its client base and the fact that all clients are advised by their own independent financial advisors, it is likely that in a majority of deals, the best execution requirements will not apply pursuant to the Legitimate Reliance Test described above. The Structured Products business will ensure that orders are generally assessed, taking into account the factors outlined above, and if you may be placing legitimate reliance on IEL to protect your interests as to pricing and, even where best execution does not apply, will still be required to treat you fairly and also to manage any conflicts of interest that may arise.

OTC Derivatives

We consider that best execution does not generally apply to transactions in OTC derivatives. This is based on the characteristics of the marketplace, products offered and the nature of the transactions in these business areas, for instance: (i) IEL are often approached by clients in order to provide a quote (request for quote business); (ii) it is market practice to 'shop around' for the best price; additionally (iii) products are often bespoke and designed on a reverse enquiry basis within pricing based on prevailing markets prices.

Orders in structured notes and OTC derivatives are agreed bilaterally between us and you. You will therefore have access to, prior to agreeing an order with us, information on price, costs, speed of execution, order size and any other relevant information as required from time to time. In all cases, IEL will deliver fairness in the price based upon available information such as market data and, where possible, the prevailing price of comparable products.

Execution Venues

In meeting the best execution obligation to take all sufficient steps to obtain on a consistent basis the best possible result for the execution, we may use one or more of the following execution venues:

1. Regulated Markets;
2. Multilateral Trading Facilities;
3. Systematic Internalisers;
4. Organised Trading Facilities
5. Our own account;
6. Third party investment firms and/or affiliates acting as a Market Maker or other liquidity providers; and/or



7. Non-EU entities performing similar functions.

Where we consider that best execution is owed in respect of your order, we will assess which venues within this list are likely to provide the best possible result on a consistent basis. We may, however, not connect to all venues or sources of liquidity.

IEL will execute orders in Cash Equities via Investec Bank Plc. IEL remains under an obligation to monitor Investec Banks Plc's best execution performance and this does not remove IEL's obligation to obtain the best possible result for IEL's clients.

Information on Investec Bank Plc's Best Execution Policy Disclosure Statement can be found here:

https://www.investec.com/en_gb/legal/UK/best-execution-policy-disclosure-statement.html

In respect of Financial Instruments which are admitted to trading on a Trading Venue¹, you should note that, subject to your prior consent, some of your orders may be executed outside of a Trading Venue where we believe we can achieve the best possible result for you by doing so. In particular, we may seek to internalise the execution where we believe we can achieve the best possible result for execution by doing so.

IEL will agree orders in non-equity instruments bilaterally with you.

Quality of Execution

We will continually monitor venues used for the execution of your orders and execution quality. We will publish on our website, information pertaining to quality of execution. We will summarise and make public, on an annual basis, for each class of financial instruments, the top five execution venues in terms of trading volumes where we have transmitted or executed a client order in the preceding year.

Your consent

We are required to obtain prior consent to our Order and Best Execution Policy. Receipt of an order from you will be deemed to be your provision of that consent.

Review

We will notify you of any material changes to our execution arrangements or our Order and Best Execution Policy by posting an updated version of this document on

https://www.investec.com/en_ie/legal/IE/terms-and-policies.html

¹ Any regulated market, multilateral trading facility or organised trading facility (as defined in the Markets in Financial Instrument Directive II).





Annex 1 – The Best Execution Factors and Criteria

