



Order Execution Policy

GENERAL INFORMATION

The intention of this document is to set out *our* understanding of the obligations regarding Best Execution under Markets in Financial Instruments Directive II (“MiFID II”) and to explain how *we* intend to fulfil these obligations.

The core of best execution is *our* Order Execution policy which is to ensure that all *our* clients are treated fairly. This means that the same procedures and safeguards will be in place for all of *our* clients, irrespective of the type of service that they receive from *us*, or their *client categorisation*.

Investec Wealth & Investment (“*IW&I*”) has made a commitment that *we* will not carry out principal business (i.e. dealing for *our* own account) apart from in exceptional circumstances (such as correcting an error). Thus, *we* do not have any conflict of interest with any of *our* clients’ dealings.

IW&I is a member of the *London Stock Exchange* and NEX Exchange. *We* have access to other exchanges through *our market* counterparties. Wherever possible, transactions will be carried out and reported on a regulated *market* (“*on-market*”).

Transactions that are carried out *off-market* when they are normally carried out *on-market* will require prior express consent from the client. In some circumstances and, when acting in *your* best interest, *we* may carry out transactions *off-market*.

By signing *our agreement*, *you* expressly consent to *us* carrying out *off-market* transactions on *your* behalf.

EXECUTION VENUES

Below is the list of Venues upon which *we* place significant reliance. *We* reserve the right to use other Execution Venues where *we* deem appropriate in accordance with *our* order execution policy and may add or remove any Execution Venues from this list. *We* will regularly assess the Execution Venues available in respect of any Financial Instruments that *we* trade to identify those that will enable *us*, on a consistent basis, to obtain the best possible result when executing orders. *We* reserve the right to trade on an Execution Venue not listed where *we* deem appropriate to satisfy the execution of a particular order or instrument.

- Members of the *London Stock Exchange*
- Member of the NEX Exchange
- Member firms of the International Capital Market Association (ICMA)
- A Multilateral Trading Facility (MTF)
- An Organised Trading Facility (OTF)
- A Systematic Internaliser (SI)
- Market Makers

A list is available upon request of active counterparties and they are reviewed on a regular basis, in addition to whenever a material change occurs, to ensure that *we* obtain the best possible result on a consistent basis.

BEST EXECUTION/BEST POSSIBLE RESULT

There is no formal definition of Best Execution but it refers to an obligation to transact deals on the appropriate terms for *our* clients.

We “...must take all sufficient steps to obtain the best possible result, taking into account price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the order”. Source MiFID II Article 27.

We refer to this obligation as the “Best Possible Result”.

All of *our* clients, irrespective of their *client categorisation*, receive the highest obligation of Best Execution coverage.

Guidelines have been established for *IW&I* dealers so that in each class of security there is a procedure for achieving and recording Best Execution. In most equity markets, trade information is publicly available on electronic providers such as Factset, and Bloomberg; in other markets where there is no publicly available trade data, the *IW&I* dealers will have access to details on how Best Execution has been achieved.

When the dealing desk receives an order, it will prioritise the relevant factors in considering and achieving the Best Possible Result, including any specific client instructions (e.g. price limit); relevant factors could include the liquidity and volatility of the stock, width of the buy/sell spread and accessible markets and dealing platforms. Examples where different relevant factors would be considered by *us* are listed below. These are applied on a consistent basis and, as such, Best Possible Result should be achieved.

- (a) An actively traded company e.g. listed within the FTSE 100 index – If an order is passed with no specific instructions and in a size that could easily be traded the relevant factor to be considered will be the price.
- (b) A less active company with lower turnover of transactions – If an order is passed with no specific instructions then the most relevant factors to be considered will include price and size of the liquidity available.
- (c) Electronic Algorithmic Platform Trading – A number of factors are used to determine the best possible result for this type of order. It is normally a combination of speed, likelihood of execution, cost, size and price.
- (d) A fixed interest security with an active secondary *market* e.g. *UK* Government security – The factors considered would normally focus on price and in some instances size of the transaction.

IW&I accepts full responsibility to achieve Best Execution on all eligible orders; however, if specific instructions are provided by the client and *IW&I* agrees to act on these, then *our* obligation to achieve Best Execution is met by acting in accordance with those specific instructions.

Best Possible Result can still be satisfied if *IW&I* aggregates several client orders into one larger order.

EQUITIES – UK

IW&I dealers use a range of methods to execute a *UK* equity order:

- (a) Retail Service Providers (“RSPs”). RSPs are *market* makers who enable us to deal with them electronically.
- (b) Electronic order books. The principal ones are SETS and SETSm, both set up by the *London Stock Exchange* to provide anonymous order books in all but the smallest *UK* shares.
- (c) Telephone negotiation. The dealers speak to *market* makers or other broker members of the *London Stock Exchange*.
- (d) Agency crosses. This is when *IW&I* match a buyer and seller in-house and the deal is struck at a mutually agreeable price to both parties.
- (e) Electronic Algorithmic Platforms. These provide access to various *market* venues.

Orders passed electronically in *UK* equities to the dealing desk that fit certain criteria can be transacted through our “Auto Execution” facility; they are then traded automatically and instantly via an RSP who is willing to accept the trade. The transaction will be covered by the usual Best Execution guidelines.

EQUITIES – NON-UK

There are extra considerations when dealing in non-*UK* equities. *IW&I* is not currently a member of any non-*UK* exchanges; our obligations of Best Execution are shared with our *market* counterparties who transact on our behalf in non-*UK* markets. In order to achieve Best Possible Result, we must also take into account any local execution charges (commission, stamp duty etc) that will be included in the final price to the client.

BONDS – GILTS, EURO BONDS ETC

Bonds include Government bonds (e.g. Gilts), Eurobonds, Floating rate notes (FRN), Zero coupon bonds and other similar debt structures. The majority of these instruments will be transacted *on-market*, however in some instances it may be in your best interest for us to trade *off-market*. Some Gilts and Bonds are also tradable on the *London Stock Exchange* and we will use the price as reference before trading.

Prices in the most actively traded bonds are available on information providers such as Bloomberg. In many instances, trades can then be effected by a direct electronic link to the best price from all the contributing *market* makers with which *IW&I* has a relationship. In some circumstances, dealing prices will be negotiated with *market* makers with additional reference to any available electronically displayed prices.

Liquidity varies between different bonds: for some bonds, there may only be one *market* maker and situations such as this might limit our ability to deal on a narrow buy/sell price spread.

UNIT TRUSTS & MUTUAL FUNDS

Unit trusts/mutual funds are normally traded directly with *the manager* at a fixed price on any given dealing day; these prices are usually available in financial sections of newspapers or on the managers own website.

FOREIGN EXCHANGE

Although best execution does not apply to spot currency transactions it does to forward currency transactions.

Spot currency transactions are transactions that have a settlement period of two business days. Forward currency transactions are transactions that have a settlement period of greater than two business days.

Currency markets operate in a highly liquid environment and *IW&I* have in place relationships with a number of pricing providers. We will execute spot and forward transactions via the same platform to achieve best execution from the prices available. Prices are not published but we maintain sufficient records to ensure we achieve the best possible results.

MONEY MARKET INSTRUMENTS E.G. CERTIFICATES OF DEPOSIT

These instruments cannot be transacted *on-market* and we will continue to operate on your behalf *off-market*.

STRUCTURED PRODUCTS

These instruments are not traded *on-market* and we will continue to operate on your behalf *off-market*. *IW&I* will assume that Best Execution was achieved by reference to the prices provided by those liquidity providers and any relevant *market* display providers.

OTHER INSTRUMENTS/SECURITIES

On rare occasions, we will be required to trade in an instrument not covered by the above categories: any trade could be restricted to a limited number of liquidity providers that *IW&I* has connections with. *IW&I* will assume that Best Execution was achieved by reference to the prices provided by those liquidity providers and any relevant *market* display providers.

LIMITS

Where we choose to accept a limit, these will be accepted on a reasonable endeavours basis. The contract note for the trade will disclose that a client's limit was passed. Any client limit will normally only be accepted until the end of the trading period for the day it was passed. All limit orders will be for that *Business Day* only. If, in exceptional circumstances, we agree to retain a limit order for more than one day, you provide us with your prior express consent not to publish those limit orders.

TIMELY EXECUTIONS

To achieve timely execution, once *IW&I* has agreed, or decided in its discretion to execute a client order, it will do so in a prompt, fair and expeditious manner, unless *IW&I* has taken reasonable steps to ensure that postponing the execution of a client order is in the best interests of the client.

IN-HOUSE CROSSES (AGENCY CROSSES)

Crosses of *UK* listed stock between two clients at a mutually agreeable price will be deemed to have taken place *on-market*.

ALLOCATION

IW&I will usually allocate on a pro rata basis any partially completed orders that are received from different clients in the same stock; if this allocation would result in uneconomic or unsuitable holdings for the clients concerned, we may allocate other than on a pro rata basis. In every instance that an allocation other than pro rata is used then *IW&I* must take reasonable steps to ensure that any allocation is in the best interest of all clients concerned.

ORDER PRIORITY

Client orders will normally be executed in the same order as they were received except where there are special conditions such as price limits or limited liquidity: such conditions might require extra time to ensure achievement of Best Possible Result. Orders that are tradable under the Auto Execution facility will normally be executed immediately, even though the dealers may already be working orders in the same stocks. It is deemed acceptable to treat these trades separately and therefore Auto Executions do not need to be averaged with any other orders.

TIME OF EXECUTION

Any execution time shown on the contract note will be stated as *UK* time. If the order is completed in a series of transactions and shown on the contract note as an averaged price there is no requirement to disclose the execution times. Trade times for an averaged price transaction are available upon request.

SYSTEM FAILURES

In the unlikely event of system failure, clients who contact *IW&I* during this time to pass deal instructions will be informed; any instructions received will be accepted on the basis that they could be executed once the relevant system has been restored. *IW&I* will conduct a subsequent review to ensure that best execution has been achieved.

POLICY REVIEW

IW&I will review its Order Execution Policy either annually or whenever there is a material change that affects *IW&I*'s ability to continue to obtain the best possible result for the execution of client orders on a consistent basis via the execution venues used by *IW&I*.

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|--------------------|---------------|------------------|---------------|-------------------|---------------|
| Bath | 01225 341580 | Edinburgh | 0131 226 5000 | Liverpool | 0151 227 2030 |
| Belfast | 02890 321002 | Exeter | 01392 204404 | London | 020 7597 1234 |
| Birmingham | 0121 232 0700 | Glasgow | 0141 333 9323 | Manchester | 0161 832 6868 |
| Bournemouth | 01202 208100 | Guildford | 01483 304707 | Reigate | 01737 224223 |
| Cheltenham | 01242 514756 | Leeds | 0113 245 4488 | Sheffield | 0114 275 5100 |

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