

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. You should be aware that off-market transactions may be higher risk, as there may be lower liquidity and it may be more difficult to assess the value of and or the price for the transaction. There may also be increased counterparty risk. We will always comply with our Order Execution Policy and will only execute off-market when acting in your best interest.

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
- Platforms

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. If specific instructions are provided by the client and IW&I agrees to act on these, IW&I will seek to achieve Best Execution on all other aspects of the order not covered by the specific instruction

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

IW&I may instruct Platform Providers to implement decisions taken in the course of providing Portfolio Management for Master Portfolio Service (“MPS”) on Platforms. IW&I’s duty of Best Execution shall not apply to the extent of the Platform or its selection of Trading Venues, liquidity providers, brokers or other counterparties, although IW&I will ensure that each Platform has in place appropriate Best Execution procedures.

Large or illiquid Orders may be executed on a manual basis using our Dealing team. In such cases our dealers will aim to source the best available terms by utilising any appropriate execution venues. This may require us to execute Orders over the course of a day, or a number of days, with the overall Order execution being expressed as an average price of all the individual executions

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 SETSmm, 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, EUROBONDS 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.

Belfast	02890 321 002	Edinburgh	0131 226 5000	Liverpool	0151 227 2030
Birmingham	0121 232 0700	Exeter	01392 204 404	London	020 7597 1234
Bournemouth	01202 208 100	Glasgow	0141 333 9323	Manchester	0161 832 6868
Bristol	01172 444 860	Guildford	01483 304 707	Sheffield	0114 275 5100
Cheltenham	01242 514 756	Leeds	0113 245 4488		

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