

## ORDER EXECUTION POLICY

### OVERVIEW

We are required to take all sufficient steps to obtain the best possible result (best execution), on a consistent basis, when executing transactions on behalf of our clients. This policy outlines how we approach meeting these obligations and describes the process which is followed in achieving this.

### EXECUTION FACTORS

Prior to executing an order, we will take the following criteria into account:

- The characteristics of the client
- The characteristics of the financial instrument that is the subject of the order
- The characteristics of the order itself
- The execution venues where the order can be transacted

The factors which will then be considered ahead of execution include price, size of order, speed and likelihood of execution, market impact, settlement, and costs. The relevance of these factors may differ in importance depending on the type of order and we will use our experience and judgement to decide how best to achieve execution.

As we classify all clients as retail clients, and the majority of client orders are of a size which allows for immediate execution and straightforward settlement, our primary focus is on achieving the best possible price at the time of execution. Other factors are only given precedence if they would hold a significant influence over achieving the best possible result, for example:

- If a number of client orders were aggregated creating a bulk order, or the size of an individual order is larger than the normal market size, it might take several hours to achieve execution. In such circumstances the speed, likelihood of execution and market impact would be given a raised importance in order that the order was completed within the required timescale with minimal market impact.
- In a "fast moving market", caused by an unexpected company announcement or the publication of economic data, speed of execution might be given a raised precedence.

It should be noted, however, that even in such circumstances, we will always give price achieved at least an equal priority when considering execution factors.

### EXECUTION VENUES

Various execution venues exist against which client orders can be executed which, in addition to the regulated market, include other exchanges and Multilateral Trading Facilities (MTFs), such as Bats Europe, Turquoise, and NEX Exchange. Execution is also available against market makers via for instance, the Retail Service Provider (RSP) network, or Bloomberg.

When carrying out financial transactions on behalf of a client, we might execute orders on a variety of different venues in order to achieve best execution. In deciding on the execution venue, we will exercise our discretion when considering the aforementioned execution factors and after taking into account general prices available, depth of liquidity, relative volatility in the market etc.

Taking each type of investment in which we deal in turn, we have applied the following methodology in deciding on the best approach for execution in order to allow for consistency in achieving the best possible result:

#### *UK-listed securities (equities, investment trusts, ETFs/ETCs etc.)*

We place a significant reliance on the execution of orders via the RSP network, where we have access to approximately 25 market participants' prices (member firms of the London Stock Exchange). We favour the RSP network as it provides:

- good pricing transparency, with dealing quotes typically beating the quoted 'effective touch' (the best selling and buying price available in the market);
- full execution is available immediately;
- variable settlement periods are available;
- post trade flexibility is good.

For larger orders, which might take several hours to execute, these are dealt following telephone negotiation with market makers, which have access to multiple trading venues and other market counterparties giving them access to greater liquidity. Prices achieved are monitored against the traded volume weighted average price (VWAP).

#### *Overseas Equities*

As a firm we execute orders in overseas securities in sterling and settle where possible via CREST (the UK's central securities depository and settlement system). Due to this we place significant reliance on a number of UK investment houses which make markets in foreign stocks in this way.

In order to achieve the best price, we will obtain quotes from several investment houses prior to execution. All orders executed in overseas markets are referenced against the local exchange price and spot currency rates.

#### *Gilts & Fixed Interest*

There is no central market place for gilts and bonds and as such there is no official touch price as with equities, although limited pricing can be obtained in certain securities via the LSE's Order Book for Retail Bonds (ORB). For securities where no touch is available we use an electronic dealing platform such as Bloomberg, or telephone negotiation, for price discovery and order execution. In all instances we ensure that we obtain a minimum of three price quotes prior to dealing, which can usually be obtained electronically.

For a particularly illiquid bond it may be that only one quote is available. In such instances we use our experience and market knowledge to calculate fair value for the bond against which we can assess the quoted price. If following this assessment execution takes place, it will be presumed that best execution was achieved.

In addition to the above, it may be that from time to time we deem it appropriate to undertake a transaction for a financial instrument outside of a regulated market, or in an instrument where no venue exists. In such circumstances we will use our experience and market knowledge to execute the transaction and it will be presumed that best execution was achieved. In these instances, we require prior express consent from you.

#### *Counterparty Risk*

As we do not execute orders directly on the trading venue, and instead use the RSP network and market makers for execution (as outlined above), the firm is exposed to counterparty risk i.e. the risk that a market maker defaults on its obligation to settle with us following a transaction.

We therefore ensure that any counterparty we execute an order against is authorised and regulated by the Financial Conduct Authority, and that any business transacted is done so under the rules and regulations of the appropriate market (which is primarily the London Stock Exchange).

The firm's counterparty risk is then monitored on an ongoing basis as part of our internal risk management processes.

## *Unquoted Collective Investment Schemes*

The execution of orders is managed by the "Fund Manager" themselves. Orders are placed in a given fund either electronically, via Euroclear EMX, or over the telephone, and receive the daily quoted net asset value (NAV) or bid /offer, whichever is appropriate for the fund.

## SPECIFIC CLIENT INSTRUCTIONS

*If you give us a specific instruction as to the execution of an order e.g. that we should execute an order with a particular market counterparty, we will follow those instructions and it will be deemed that our best execution obligations have been satisfied in relation to that part of the order.*

*However, such instructions could mean that we are prevented from taking the steps we have in place to achieve the best possible result and, as such, we reserve the right to refuse specific instructions if we believe that they act against your best interests or we are unwilling to deal with the requested counterparty.*

## PUBLISHING LIMIT ORDERS

If you give us a limit order (an order to deal at a specific price) that cannot be immediately executed, we are required to make the order public unless you agree that we should not.

We believe that it is in your best interest that we exercise our discretion as to whether or not to publish unexecuted limit orders, which under normal circumstances we would not.

## MONITORING

It is the responsibility of the Dealing Manager to ensure that best execution is consistently achieved and that transactions are executed in line with the firm's Order Execution Policy.

In order to monitor this, regular checks will be carried out by the Dealing Manager and compliance team, comparing all trades executed by the firm against prices available for execution at the time of the order on various execution venues.

## PUBLICATION OF BEST EXECUTION DATA

A summary of the firm's execution data, together with information on the quality of execution achieved, will be published annually, in April, and is available to view at:

[www.barrattandcooke.co.uk/order-execution](http://www.barrattandcooke.co.uk/order-execution)

You may request further information on our execution policy or that we demonstrate that an order has been carried out in accordance with this policy.

## REVIEW

This policy is reviewed at least annually, or whenever a material change occurs that affects the outcome of orders. Where material changes to the policy are made clients will be notified.

## CONSENT

*We are required to obtain your prior consent to the Order Execution Policy. You will be deemed to have agreed to this policy upon completing and signing a Client Agreement, or Prior Consent form. Furthermore, by signing the account opening documents and receiving our terms, you will be deemed to have provided prior express consent to our dealing outside of a regulated market, and our approach to unexecuted limit orders.*

## EXECUTION VENUES

The table below shows our list of execution venues for the various markets in which we trade. Please note: this list is subject to change without notice.

	UK Equities	International Equities	Debt Securities	Exchange-Traded Products
Arden Partners	✓			
Barclays Capital Securities			✓	
BMO Capital Markets	✓			
Canaccord Genuity	✓		✓	
Cantor FitzGerald Europe	✓		✓	
Cenkos Securities	✓			
Commerzbank AG				✓
DBS Vickers		✓		
Fidante Partners	✓			
FinnCap	✓			
Goodbody		✓		
Investec Bank	✓			
J&E Davy		✓		
J P Morgan	✓			
Jefferies International	✓		✓	
Liberum Capital	✓			
Macquarie Capital (Europe) Limited	✓			
N+1 Singer	✓			
Numis Securities	✓			
Panmure Gordon & Co	✓			
Peel Hunt	✓	✓	✓	✓
RBC Europe	✓		✓	
Royal Bank of Scotland			✓	
RIA Capital			✓	
Shore Capital	✓		✓	
Stifel Nicolaus Europe	✓			✓
Stockdale Securities	✓			
Susquehanna International Securities				✓
TD Securities			✓	
Virtu Financial Inc	✓			
WH Ireland Ltd	✓			
Winterflood Securities	✓	✓	✓	✓

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