

BEST EXECUTION POLICY

WHAT IS BEST EXECUTION?

Best Execution is a policy adopted by the Bank and is required under the rules of the Financial Conduct Authority (FCA¹). The policy requires that the best possible result is obtained when executing transactions, collectively defined as 'orders', on behalf of customers.

The Bank defines the 'best possible result' as taking into account the following factors (in order of relative importance):

1. Price and costs associated with the transaction;
2. Speed with which the transaction can be executed;
3. The likelihood of effective execution and settlement;
4. Size and nature of the order;
5. Any impact the order may have on the market; and
6. Any other consideration relevant to the execution of the order.

This policy is applicable to the following types of investment products;

- Shares, equities and equity like products;
- Bonds and debt instruments;
- Currency derivatives;
- Investment funds such as ETFs; and
- UCITS

RELATIVE IMPORTANCE OF EXECUTION FACTORS PER ASSET CLASS

The Bank prioritises execution factors per asset class as follows:

Shares, equities and equity like products

1. Total Consideration (Price & Cost)
2. Likelihood of Execution
3. Size
4. Speed
5. Other Consideration

Bonds and Debt instruments

1. Likelihood of Execution
2. Total Consideration (Price & Cost)
3. Size
4. Speed
5. Other Considerations

Currency derivatives

1. Total Consideration (Price & Cost)
2. Likelihood of Execution
3. Speed
4. Size
5. Other Consideration

Investment funds

1. Total Consideration (Price & Cost)
2. Likelihood of Execution
3. Size
4. Speed
5. Other Consideration

DEALING IN COLLECTIVE INVESTMENT SCHEMES

Deals in Collective Investment Schemes such as Unit Trusts and Open-Ended Investment Companies may be placed directly with fund management companies or via third party funds access platforms. Accessing funds via third party funds access platforms allows best execution as well as enabling us to take a 'whole of market approach', accessing a broader range of funds.

CLASSIFICATION

Clients may be classified as either Retail Clients, Professional Clients or Eligible Counterparties in accordance with FCA Rules.

OBTAINING BEST EXECUTION FOR CUSTOMERS

Typically, price is the key determinant of best execution particularly when dealing with Retail Clients and Professional Clients. Accordingly, the Bank seeks the best price for its clients, which is determined in terms of total consideration. To assist the Bank in determining best execution, the following factors are considered:

1. The client classification under FCA Rules;
2. The order;
3. The financial instruments comprising the order; and
4. The execution venue best suited for that order.

The Bank will take all sufficient steps to ensure that best execution is obtained on our client's behalf. We review and, to the extent necessary, update our Best Execution Policy on an at least annual basis. We also carry out ad hoc reviews on a more regular basis if and when a material change occurs. A material change may include a significant event that could impact the parameters of best execution.

EXECUTING THE ORDER

In executing an order, the Bank:

- May use a third-party broker to execute the order; or
- May trade on behalf of the customer as agent. The Bank will only execute trades on behalf of a customer when dealing directly with Fund Management companies to purchase units in Open-Ended Funds for a portfolio.

Where the Bank places an order with a broker for execution, we will ensure that our choice of broker is in the best interests of the client. To the extent the broker is located in the European Union, it is the broker's duty to achieve best execution [for us as their client] when executing your order under the FCA Rules.

It is our policy to regularly monitor the execution quality obtained by third parties to ensure that they are consistently achieving best execution when executing trades on our behalf. Where appropriate, we will take action to correct any deficiencies (for example, by ceasing to use a particular broker to execute orders).

EXECUTION VENUES

The Bank will select an execution venue based primarily on the availability of best pricing for a particular instrument and the amount of accessible liquidity offered by the execution venue.

Other selection criteria may also influence the choice of venue, we will consider the overall technical and operational offering of a venue – including connectivity, speed of execution, reliability, rule set and membership and clearing requirements, as well as the costs of accessing the venue. For certain instruments there may only be one execution venue available – in executing a trade in such circumstances the Bank will assume that the selection of that venue satisfies the best execution factor dealing with venue selection.

The Bank places significant reliance on the following execution venues in order to meet its obligation to take all sufficient steps to obtain best execution:

- Units in Open Ended Funds- Saxo Bank and Fund Management companies (the Bank deals directly)
- UK and Overseas equity- Saxo Bank
- Fixed Income – King and Shaxson, Saxo Bank, FirstBank UK, JP Morgan, Access Bank Plc and Mitsubishi UFJ
- Hedge / Property funds - Specific hedge / property fund managers and Saxo Bank

We are required to publish a list of our top five execution venues by trading volume for each relevant financial instrument, together with information on the quality of the execution obtained, on an annual basis. The latest information in this regard will be made available on our website annually.

The Bank may also use the London Stock Exchanges (LSE) RSP electronic trading system which allows us to trade with other LSE Members and thus allows us greater flexibility in achieving best execution. This includes when we deal in overseas securities on behalf of clients.

The Bank may deal on other markets which are not discussed in this document. In these circumstances, we will exercise our diligence in identifying how best execution is achieved. We regularly assess our list of execution venues. We may execute orders outside a trading venue (as defined in the FCA Rules) (see below – “Dealing in Collective Investment Schemes”) and require our client’s consent to do this.

The Bank will regularly review the execution venues available to execute client orders including third party brokers to ensure that the Bank is able to deliver the best possible result for the client.

SPECIFIC INSTRUCTIONS

The Bank uses its committed investment professionals to make the best investment decisions on behalf of clients. If, however, a client wishes to give a specific instruction to us that is in the best interests of the client's stated objectives, the Bank will make every effort to comply with the instructions of the client but cannot guarantee that best execution is provided under such circumstances. This is on the basis that any specific instructions provided by a client may prevent the Bank from following all steps of the Best Execution Policy, which has been designed to obtain the best possible result for clients in respect of the elements covered by such instructions

We will make all decisions as to where orders are placed in relation to the execution venue – it is therefore unlikely that the Bank will accept specific instructions from a client regarding the venue where your order is executed.

LIMIT ORDERS

We do not accept limit orders.

AGGREGATION AND ALLOCATION OF YOUR ORDERS

We can sometimes reduce costs where possible by bulking a client order with other clients' orders, thus lowering the transaction costs a client would need to pay. We will only bulk orders if this is in the best interests of a client. Total and partially filled trades will generally be allocated on a pro-rata basis. A client will be informed if this is not the case.

On occasion aggregation may result in a client obtaining a less favourable price than if the order had been executed separately. Where we have aggregated an order with another client, we will allocate the related trades between clients in a way that is not detrimental to a client.

COMMISSIONS AND CHARGES

It is the Bank's policy that commission and charging will not influence the selection of execution venues or the prioritisation or frequency of dealing. We will not therefore discriminate between the execution venues we use to execute orders based on commission or charging.

USE OF THIRD PARTIES

The Bank carefully selects and monitors its counterparties and funds access platforms to provide best execution when we instruct transactions through them.

MONITORING AND REVIEW OF OUR EXECUTION POLICY

The Compliance department is responsible for monitoring and implementing appropriate controls and procedures to ensure that the Bank obtains the best possible results for clients.

The Execution Policy, list of execution venues and our order execution arrangements will be reviewed on an annual basis at least and whenever a material change occurs that affects our ability to continue to obtain the best possible result for our clients.

If we make a material change to our order execution arrangements or our Best Execution Policy, we will notify you.