

## EVELYN PARTNERS ORDER EXECUTION POLICY

- Evelyn Partners Investment Management Services Limited \*
- Evelyn Partners Asset Management Limited
- Evelyn Partners Discretionary Investment Management Limited
- Evelyn Partners Securities

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\*Excluding Bestinvest

## Introduction

Since the introduction of the Markets in Financial Instruments Directive ("MiFID II"), Evelyn Partners has a duty to take all sufficient steps to obtain the best possible result for the execution of client orders ("best execution"). Evelyn Partners is required to have in place policies and procedures that are designed to obtain the best possible result for you when executing orders on your behalf, subject to and taking into account any specific instructions from you, the nature of your orders and the nature of the markets concerned.

## Purpose

The purpose of this Order Execution Policy ("Policy") is to set out our obligations under MiFID to you in a clear and concise manner, to outline the primary factors that drive our best execution policy in order to ensure that clients receive fair treatment when we execute orders in their portfolios irrespective of the underlying solution, asset class or market. Additionally, we retain evidence to demonstrate to individual clients, or to the regulator on all our clients' behalf that dealing is equitable and compliant with the rules.

### 1. Scope

The scope of this policy is to cover all transactions by retail or professional clients in such instruments and asset classes defined as financial instruments under MiFID as detailed below

- All transferable securities (including equities and bonds)
- Units in a collective investment scheme
- It does not include for example FX spot, deposits, and physical commodities

The policy also applies to employees engaged in accepting and arranging the execution of client orders.

#### 2.1 How do we determine if Best Execution is owed

Executing transactions on behalf of clients Evelyn Partners owes a duty of Best execution when it "executes transactions on your behalf " Evelyn Partners will be executing Transactions on your behalf where you legitimately rely on us to protect your interests in relation to the pricing and other elements of the transaction (such as speed and/or likelihood of execution) that may be affected by the choice we make .This may occur either where we execute a transaction directly or where we place a transaction with other third parties. Evelyn Partners will transmit the resulting order to EPIS (Evelyn Partners Investment Services) for execution, or onward transmission

#### 2.2 Determining Legitimate Reliance

We will apply the following criteria to determine whether you are legitimately relying on us in relation to any transaction.

##### 2.2.1 Client Categorisation

Whether we have classified you as a retail client or a professional client, Evelyn Partners will always assume that you will place legitimate reliance on us to protect your interest in relation to the pricing, and other relevant elements, of all transactions that we execute with or for you in MiFID financial instruments.

### 3. Delivery of Best Execution

Where we have determined that Evelyn Partners owe you a duty of Best Execution in relation to a transaction we will in accordance with the policy, take all sufficient steps to obtain best result. In the absence of specific instructions by you, Evelyn Partners may consider the following factors to achieve best execution on a consistent basis:

- Price;
- Costs;
- Speed;
- Likelihood of execution or settlement;
- Size;
- Nature;
- Type and characteristics of financial instrument; and
- Any other factor relevant to the execution of the order.

Whilst total consideration (the sum of the price and costs incurred by the client including execution venue fees, clearing and settlement fees and any other fees paid to third parties involved in the execution of the order) are ordinarily the key factors, the overall value to you of a particular transaction may be affected by the other factors listed above. In certain circumstances we may conclude that factors other than price and costs are more important in achieving the best possible result for you. The relative importance of each of the factors will differ depending on the following characteristics:

- Your client classification;
- The characteristics of the order;
- The characteristics of the financial instrument subject to the order; and
- The characteristics of the execution venue on which that order can be placed.
- The application and importance attached to each factor will vary according to the type of transaction being executed and the instructions (if any) given by you. We will use reasonable judgement together with our understanding of the appropriate execution criteria for the transaction. For example, in a larger order, minimising market impact might be of more importance than price, or in an illiquid instrument, certainty of completion may take preference over price.

### 4. How we provide Best Execution

Unless instructed otherwise by you, we will determine the best possible result for you in terms of the "Total Consideration" of the transaction. Total Consideration represents the price at which the trade is executed at, and if relevant any external costs (excluding Evelyn Partners fees). Unless instructed by you we will only consider and prioritise the other execution factors where in doing so this will result in best possible result for you in terms of Total Consideration.

#### 4.1 Specific Instructions

Where we owe you a duty of best execution and you provide us with specific instructions in relation to the entire transaction, or any particular aspect of the transaction, which we accept, then we will execute the transaction in accordance with those instructions and in doing so have satisfied our best execution obligations. Where your instructions relate to only part of the transaction, the remaining element not covered by your instructions will remain subject to Best Execution requirements.

## 5. **Broker Selection**

Transactions of behalf of Evelyn Partners clients will be transmitted to EPIS to be executed with or through approved brokers and counterparties. Evelyn Partners has a robust selection process in place to ensure that approved counterparties enable us to meet our best execution responsibilities.

## 6. **Obligations to maintain records of orders**

Evelyn Partners operates procedures to ensure the prompt fair and expeditious execution and allocation of client orders relative to other client orders and the trading interests of our associates. Evelyn Partners does not trade for its own account.

The procedures include arrangements where appropriate, for the aggregation of client orders with those of other clients. The effect of this aggregation and any resulting allocation or re-allocation of the executed order may work to the client's advantage or disadvantage in relation to a particular order – see sections 10 & 11.

Evelyn Partners are obliged to maintain records of order data for a minimum of 5 years.

## 7. **Transmission of orders to a third party**

We may pass an order to another broker for execution. When we do this, we will be under an obligation to take all commercially sufficient steps to obtain the best possible result for clients. Any third-party charges incurred when transacting client business will be shown as a separate cost to client. Third party price quality and costs will be reviewed on a regular (at least annually) basis to ensure competitiveness and that they meet our best execution obligations to clients.

## 8. **Monitoring and review**

We will review the effectiveness of our order execution arrangements on a regular basis in order to identify and, where appropriate, incorporate any amendments to procedures. We will assess, on a regular basis as to whether the execution venues provide for the best possible result for our clients or whether we need to make changes to our execution arrangements.

Monitoring will take place in the form of Transaction Cost Analysis (TCA) by which we will determine whether trades were arranged at favourable prices – low prices for purchases and high prices for sales. TCA determines whether is high or low given market conditions at the time the trade was processed. For this purpose, trade prices are commonly compared to a number of benchmark prices. Purchases with prices that are high relative to these benchmarks are considered expensive trades as are sales below benchmark. This analysis will allow us to monitor whether our trading procedures are producing the best possible results for our clients to ensure our trading processes are working effectively results of which are used to fine tune these processes where and/or when required.

We will review our Order Execution Policy at least annually or whenever a material change occurs that affects its ability to continue to obtain the best possible result for the execution of client orders on a consistent basis. We will notify you of any material changes to our order execution arrangements or policy. This will be supplemented by ad hoc reviews that may arise from time to time throughout

The Dealing Working Group meets on a monthly basis and monitors adherence to this policy and the effectiveness of our order execution arrangements, procedures and performance findings through post-execution benchmarking and post-trade analysis. The Dealing Working Group reports directly to Evelyn Partners Senior Management. The Dealing Working Group

membership will comprise of senior representatives from Trading; Investment Management; Compliance and Legal and Risk Management.

All staff involved in the investment management process must act in accordance with regulations in relation to their conduct, including acting with integrity, due skill, care and diligence, ensuring proper standards of market conduct and dealing with the regulator in an open and co-operative way. All first and second line staff must meet various fit and proper standards including requirements for training and competence.

## 9.1 Execution venues

For the purposes of MiFID, and in meeting our obligations to take all reasonable steps to consistently obtain the best possible result, we may use one or more of the following venue types when executing an order on your behalf:

- Regulated Markets – i.e. Exchanges (RMs)
- Multilateral Trading Facilities - (MTFs)
- Systematic Internalisers (SIs)
- Organised Trading Facilities - (OTFs)
- Financial Intermediaries - i.e. Brokers
- Retail Service Providers - (RSPs)

Evelyn Partners will periodically review each of the execution venues it accesses to determine if alternate sources of execution provide a material opportunity to achieve best execution.

## 9.2 Single trading Venues

Evelyn Partners will only use a single trading venue to execute client orders in a given class of financial instrument where we are able to demonstrate that such a choice enables us to consistently obtain best results for our clients (and that the prices obtained are better or at worse the equivalent of the price they would obtain from alternative venues). Any class of instrument transacted on a single trade venue will be subject to the same requirements of recording circumstances and trade time-stamping as multiple venue trades.

Evelyn Partners will monitor the quality of transactions executed on single venues using TCA by benchmarking the value of aggregate price improvements against an assessment of any direct, indirect or implicit trading cost, and then comparing these to any competing execution venues

## 9.3 Trading outside a trading venue

In order to meet our best execution obligations to clients Evelyn Partners reserves the right to use execution venues other than those mentioned above. When trading outside of a recognised venue, Evelyn Partners will still be under an obligation to provide clients with Best Execution. We will only execute the order outside of a recognised venue in situations we consider it in your interest to do so, or where the financial instrument involved is not traded on a recognised execution venue. Where the decision is made to execute a client order outside of a regulated market or a Multilateral Trading Facility, the firm will inform the client and obtain the clients prior express consent before proceeding to execute their orders. Evelyn Partners may obtain this consent either in the form of a general agreement or in respect of individual transactions.

## 9.4 Factors determining a choice of venue

When executing a transaction in any asset class our choice of venue and execution method is dictated by best execution considerations; we have a fiduciary responsibility to take all sufficient steps to obtain best possible result for our clients, and this involves focusing on all the aspects of trading costs. Market impact, as an indirect cost of transacting, can sometimes exceed the direct costs of transacting (commission and fees) especially on larger deals.

The primary focus in minimising overall transaction costs is therefore to choose a venue where natural liquidity can be accessed in order to minimise market impact. We operate a centralised dealing.

## 9.5 Directed Client Orders

Where a client provides us with specific instructions in relation to execution venue, we will execute those transactions on the requested venue in accordance with those instructions and in doing so will be deemed to have satisfied our best execution obligations covering that part of the transaction. In respect of the remaining element of the trade not covered by the clients' specific instructions it will be assumed that Evelyn Partners owe the client Best Execution.

## 9.6 Execution Venues/Asset Classes

### UK Equities

It is our policy to track and utilise as wide a variety of trading venues/ entities as possible for equity trades and then to select one which we believe will provide the "best result" for our clients. This will be determined on a trade-by-trade basis. Before any trade is undertaken, our traders will review the alternative execution venues and reach a decision based on all the relevant factors (see section 3 - Delivery of Best Execution).

As a general rule we will try to identify the venue or venues which are sources of natural liquidity before entering an order to market on behalf of clients.

This use of the RSP network we believe offers the client the most efficient way of achieving "best execution" on a consistent basis taking into account factors such as price, speed, cost and likelihood of execution. When due to the nature of an order our dealers decide that the RSP network is not the appropriate strategy for obtaining "best outcome" examples of which could be order size, lack of liquidity, price volatility or likelihood of completion, they will then utilise other venues/entities available to them.

We will use market information and our traders experience to select an approved counterparty with whom to transact client orders, being careful not to expose too much of our order to the market in order to avoid impact costs. This is a general strategy adopted when speed is a less important factor than say price or retaining anonymity.

When we do have orders that require immediate execution, the relative importance of speed may be higher than price or costs. In this situation, our dealers would consider the merits of negotiating a principal risk trade with an approved counterparty, where the guarantee of completion outweighs the cost of discount or premium attached to the trade. The quality of execution for this type of trade strategy is less easy to measure, as the negotiated price becomes more subjective and depends on the level of risk the counterparty is prepared to accept; comparative quotes can be sought from a number of other counterparties, but in the case of larger orders sensitive to information leakage this may not be in the best interests of our clients.

When the situation and underlying instrument requires we use algorithmic trading, where a client order can be worked in the market against a suitable benchmark with the minimum of cost or market impact. The counterparties "smart order router" will define the optimum amount to trade at the best price and on which venue, subject to the parameters we have adopted in our strategy.

We select our counterparties for algorithmic trading based on previous execution performance and their trade transparency processes.

## **Exchange Traded Funds**

Policy as per UK equities, also the ability to trade electronically via the Bloomberg RFQ (Request For Quote) platform where we will poll 4 -5 counterparties for their best quotes for our instrument and size. The broker returning the best price will be our chosen counterparty.

## **Bonds and Gilt-Edged Securities**

The choice of venue, strategy and counterparty for trading bonds and Gilt-Edged securities will be determined by the underlying instrument involved, the price and the current levels of liquidity in the market. When trading in more liquid instruments, we have the ability to trade either electronically or by way of an approved counterparty (taking into account all the relevant factors described in Section 9.5). If it is determined that it is more favourable to trade electronically we execute the trade using a "request for quote" model.

We typically ask 4-5 counterparties to quote using both the Bloomberg electronic trading platforms, with the counterparty returning the best price securing the trade. Where the traders' experience and knowledge leads them to believe a more favourable price and/or greater liquidity is obtainable away from the electronic platform via an approved counterparty, our dealers will "ask for a quote" from a number of our approved counterparties, if the price returned is better than that achievable electronically the trade is executed.

In less liquid Government and Corporate issues where lack of liquidity and order sensitivity are more relevant, the traders will use their knowledge and expertise to try to source the natural trade flow to match our trading. Brokers advertise their inventory via Bloomberg and we are regular contact with sales personnel at our counterparties.

Should we not be able to achieve a natural match, we use our discretion as to the optimum way to execute each individual trade. For smaller trades we may ask a number of counterparties for a quote, but for larger, more sensitive orders, we may typically work with one counterparty at an agreed price limit.

## **Overseas Equities**

For transactions in overseas equities, the execution venue will be determined by which overseas depot the underlying Equity is held (e.g. US held stocks will be traded on NYSE, French Equities on the Paris Bourse).

Orders will be placed with a 3rd party using an electronic platform or via Bloomberg Chat and then traded by the chosen counterparty on the relevant Exchange.

The factors mentioned in Section 9.5 will be taken into account when determining where and with whom the client order is placed, however price, trade/ settlement costs, and speed of execution would generally be given greater import on overseas trades.



## Structured Products

Structured products derivatives must be traded under industry Legal documentation. For example, OTC Derivative counterparties are subject to a rigorous approval process and are subject to appropriate agency International Swaps and Derivatives Association (ISDA), Credit Support Annex (CSA), or Cleared Derivatives Execution Agreement (CDEA). This means our choice of counterparty for trading in these products is generally limited to those banks where the required documentation is in place. Subsequently the strategy options available for these products are limited. However, before trading in over-the-counter products (OTCs) including bespoke products, Evelyn Partners will check the fairness of the proposed price by gathering market data used in the estimation of said price and where possible, compare the valuation against similar or comparable products. The electronic trading platform used by our dealers has available to them a common set of analytics on individual products including forward stress and back testing along with transaction data capture and mark to market analysis.

## Collective Investment Open-Ended Funds

Trades in collective open-end funds are traded on behalf of Evelyn Partners by custodians. These trades are directed by Evelyn Partners to the custodian who then trade electronically (via the EMX, Calastone or Fundsettle platforms) with the relevant Fund Manager. Once the underlying fund has been valued by the relevant Fund Manager the price is reported back to the custodian, who book client trades on our behalf.

### 10. Aggregation of Client Orders

In order to carry out client orders we strive to ensure that they are executed promptly, accurately recorded and correctly allocated. We do not undertake to carry out a client's order in aggregation with another client order unless the following conditions are satisfied.

It is unlikely that the aggregation of orders and transactions will work overall to the disadvantage of any client whose order is to be aggregated. It has been disclosed specifically or in the "terms of business" that aggregation may work on some occasions to a customer's disadvantage.

### 11. Allocation of Client Orders

In the event of an order not being completed, the executed portion of the trade will be booked across the aggregated clients on a pro rata basis, unless it is uneconomic to do so. Furthermore, the portion of the trade executed will be promptly allocated within one business day of the date of the transaction.

### 12. Publication of Unexecuted Limit Orders

The FCA rules require unexecuted client limit orders to be made public unless the client expressly instructs otherwise. By agreeing to this Policy, the client is expressly instructing us not to make unexecuted limit orders public.



## APPENDIX A – List of execution venues on which EPIM and EPIS place significant reliance

### All Fixed Interest markets

Bloomberg MTF  
Citigroup Global Markets Limited  
JP Morgan Securities Plc  
Morgan Stanley and Co. International Plc  
UBS AG  
HSBC Bank Plc  
Barclays Bank PLC  
The Royal Bank of Scotland Plc  
Bank of America Merrill Lynch International

### Equity markets - UK

Citigroup Global Markets Ltd  
Peel Hunt Ltd  
Redburn (Europe) Ltd  
Winterflood Securities Ltd

### Equity - European markets

Jefferies International Ltd  
Winterflood Securities Ltd

### Equity - US and Canadian markets

CIBC World Markets  
Oppenheimer International Ltd  
Stifel Nicholas Europe Ltd  
BMO Capital Markets

### Equity - Asian and Pacific markets

CIMB Securities  
CLSA

### Forward FX

Bloomberg MTF  
360T

### Collective Investment Schemes

We deal directly with the Product Providers

### Structured Products

UBS AG  
HSBC Bank Plc  
Credit Suisse Europe Ltd  
JP Morgan Securities PLC