



AJ Bell Asset Management Limited

Order Execution Policy

Introduction

Under FCA requirements, a UCITS management company must act in the best interests of each scheme it manages when executing decisions to deal on behalf of the scheme (COBS 11.2B.4R).

The firm is required to take all sufficient steps to obtain, when executing decisions to deal, the best possible result for each scheme it manages, taking into account the execution factors (COBS 11.2B.5R). The execution factors referred to include price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the decision to deal. This overarching obligation to obtain the best possible result for clients is referred to in this document as the obligation of Best Execution.

This document outlines the execution policy and practical approach undertaken by AJ Bell Asset Management Ltd (“**AJBAM**”) to provide Best Execution, when either executing trades or transmitting orders for execution to a third party on behalf of its clients, pursuant to the Markets in Financial Instruments Directive 2014/65/EU¹ (“**MiFID II**”) and the Financial Conduct Authority (“**FCA**”)’s Handbook under COBS 11.2B².

Policy

As an investment manager, AJBAM’s clients are the funds and managed accounts (the “**Funds**”) which it manages. Under the FCA Client Classification rules (COBS 3.5), the Funds have been classified as ‘Professional Clients’³.

When buying and selling financial instruments on behalf of the Funds, AJBAM is obliged to take all sufficient steps to achieve the best overall result or “Best Execution”. This requirement would extend to obtaining the best possible result for each scheme it manages if placing orders to deal on behalf of that scheme with other entities, taking into account the execution factors.

In addition to AJBAM’s efforts to provide Best Execution, our executing counterparties who are based within the EEA also owe us, as their clients, the same Best Execution obligation that we owe to our Funds. Whilst this is of consequence, AJBAM considers that, as a matter of best practice, the only way to have complete satisfaction that we are fulfilling our duties is to establish and adhere to our own internal procedures and monitoring processes.

Our commitment to providing Best Execution to our clients does not mean that we owe them any fiduciary responsibilities over and above the specific regulatory obligations placed upon us or as may be otherwise contracted between us.

Execution Factors

When striving to achieve the best result for a particular order, AJBAM uses its knowledge, experience, and judgement, taking into consideration a range of different possible execution factors. All trading is undertaken with the overall strategy of achieving the underlying objectives of the Funds(s) and client(s) on behalf of which the orders are being made.

Dependent upon the objectives, investment policy and risks specific to the scheme, as indicated in its prospectus or instrument constituting the fund, the nature and liquidity of the relevant financial

¹ <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014L0065>

² <https://www.handbook.fca.org.uk/handbook/COBS/11/2B.html>

³ <https://www.handbook.fca.org.uk/handbook/COBS/3/5.html>

instrument and market, the characteristics of the particular order, the requirements of the underlying trading strategy, and the nature of the available execution venues for that order, different execution criteria may be deemed to be more important under different circumstances.

A range of possible execution factors may be considered, and these include (but are not limited to) the following:

- The **price** achieved when executing a client order
- Trading **costs** incurred when executing a client order
- The **speed** in executing an order
- The **nature and size** of the order
- The prevailing **liquidity** of the relevant instrument
- The likelihood of efficient **settlement** of the order

Typically, AJBAM gives the highest priority to price when executing orders; with the remaining execution factors given equal consideration.

Achieving Best Execution in Practice

The pursuit of Best Execution is of fundamental importance to the AJBAM business model.

Our products are the Funds which we manage and their appeal to the investment community is dependent upon the returns they generate. In turn, AJBAM's income stream is derived from its investment management fee, which is based on the overall assets under management of the Funds.

Therefore, in this respect, the interests of our Funds' investors and the interests of AJBAM are aligned. AJBAM seeks to achieve a return on capital while simultaneously maintaining appropriate levels of risk management and diversification within the Funds.

AJBAM aims to minimise execution slippage and reduce transaction costs for instruments as far as possible by having a disciplined and timely execution process. To this end, AJBAM's trading philosophy is structured around achieving the best possible result for its clients. The precise strategy used for execution is dependent on the security being traded, as detailed below.

Open-Ended Investment Companies (OEICs) & Unit Trusts

The pricing of OEICs and unit trust securities are based around fixed valuation points, rather than the more variable nature of exchange-traded securities. As such, speed is the primary execution factor here, and Best Execution is achieved by ensuring the timely and accurate placement of orders with the relevant investment fund manager. AJBAM trades OEICs and unit trusts by transmitting orders to Valu-Trac Investment Management Limited, its Authorised Corporate Director ("**ACD**"). In turn, the ACD then places orders directly with the investment fund manager.

All trading is overseen by AJBAM to ensure that instructions are produced, checked, and executed successfully and in a timely manner.

Equities & Exchange-Traded Funds (ETFs)

AJBAM's typical trading approach for equities and ETFs is, once trading is analysed and orders are proposed, they are transmitted from AJBAM to Valu-Trac Investment Management Limited, who then in turn execute the orders via a panel of counterparties.

Alternatively, AJBAM maintains the ability to route orders itself a) for on-exchange activity, via an agency broker and executed bilaterally on a request for quote basis, or b) an 'over the counter' ("OTC") auction process is undertaken whereby AJBAM places the order directly with a panel of counterparties. Where an auction process is used, an order is only accepted by AJBAM if there are at least two competing bids/offers.

It should be noted that large or complex orders may be executed using a combination of approaches if it is judged to be likely to result in a superior outcome for AJBAM's clients.

Where appropriate, trades may be executed directly on exchange by AJBAM via the use of a Direct Market Access ("DMA") system.

All trades are executed either electronically via execution management software such as Bloomberg's EMSX/TSOX, or manually via e-mail, Bloomberg Chat or via telephone. The traders concerned have access to a variety of price feeds, showing both intraday and historical price data. In all cases, trading is undertaken with entities that are on our approved counterparties list.

Fixed Income Instruments

These securities, such as direct holdings of bonds, are typically transacted in the same way as equities and ETFs, via Valu-Trac Investment Management Limited's panel of counterparties. Alternatively, AJBAM maintains the ability to execute on an OTC basis rather than on an exchange, and this would be done using the auction process described above. The same principle applies whereby at least two competing bid/offer prices must be provided to AJBAM.

As with equities and ETFs, all trades are executed either electronically via execution management software such as Bloomberg's EMSX/TSOX, or manually via e-mail, Bloomberg Chat or via telephone. The traders concerned have access to a variety of price feeds, showing both intraday and historical price data. In all cases, trading is undertaken with entities that are on our approved counterparties list.

General Over the Counter (OTC) Dealing Arrangements

AJBAM only transacts OTC securities with credible counterparties who are regulated entities. As such, they are bound by strict regulatory rules, ethical duties and industry standards of best practice. AJBAM's position, however, is to adopt our own monitoring policies in all areas of the business rather than rely on the duties of our counterparties, but this is still a consideration which should be borne in mind.

Note that not all OTC instruments will be available for execution with more than one counterparty. In these instances, the mere fact of execution can sometimes be deemed to represent Best Execution. This is taken into consideration during ongoing monitoring and where relevant, the rationale is documented.

Internal Trade Crossing

AJBAM may use internal trade crossing between the Funds, where this works to the overall advantage of clients versus what would be achieved by trading externally. Crossing is used to reduce transaction costs, broker commissions, bid/ask spreads, and market impact.

Internal crossing is carried out by the ACD, using a price determined which is appropriate for the instruments being traded. Typically, the mid-market price at the Fund NAV point is used.

Dealing Commission

It is AJBAM's policy that dealing commissions will not influence the selection of counterparties or the order flow resulting from the execution process.

Execution Venues

Execution venues are selected by AJBAM based on various factors. Price offered is typically the overarching factor, but we may also consider other factors such as commission and other charges, execution speed, likelihood of efficient clearing and settlement, credit risk and any other considerations that may be relevant to the processing of the order.

The current list of approved execution venues is listed below, per instrument, in the "List of Approved Counterparties by Instrument Type" section. AJBAM reserves the right to amend this list from time to time.

Regular Policy Review and Monitoring

The AJBAM Order Execution policy and order execution arrangements are overseen by a robust internal governance structure and are reviewed on at least an annual basis. A review and, if necessary, an update to the policy will also be undertaken should any material change occur that affects AJBAM's ability to obtain the best possible result for clients on a consistent basis using the current version of the policy.

Ongoing monitoring is undertaken to ensure the effectiveness of AJBAM's order execution arrangements, including the execution venues used, counterparties and our internal processes and procedures.

All relevant AJBAM staff are made aware of this policy, to highlight and emphasise the importance of best execution.

List of Approved Counterparties by Instrument Type

Equities/Exchange-Traded Funds/Fixed Income/OTC	Open-Ended Investment Companies/Unit Trusts:
<ul style="list-style-type: none">• AJ Bell Securities Limited• Bluefin Europe LLP• Flow Traders B.V.• Goldman Sachs International• HSBC Bank PLC• Jane Street Financial Limited• Jefferies International Limited• King & Shaxson Limited• Lloyds Bank Corporate Markets PLC• Optiver V.O.F.• Peel Hunt LLP• RBC Dexia Investor Services Trust• RIA Capital Markets Limited• UBS AG London Branch• Virtu ITG Europe Limited• Winterflood Securities Limited	<ul style="list-style-type: none">• All UCITS-eligible Collective Investment Schemes• Other EU or non-EU Collective Investment Schemes which meet the provisions of the UCITS directive 50(1)(e)

Contacts

AJ Bell Product team: AJBAMops@ajbell.co.uk

AJ Bell Asset Management team: AJBellInvestments@ajbell.co.uk