

# TILNEY ORDER EXECUTION POLICY

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## TILNEY ORDER EXECUTION POLICY

### INTRODUCTION

Since the introduction of the Markets in Financial Instruments Directive (“MiFID II”), Tilney has a duty to take all sufficient steps to obtain the best possible result for the execution of client orders (“best execution”). Tilney 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 to you under MiFID II in a clear and concise manner and 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 II 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. HOW DO WE DETERMINE WHETHER BEST EXECUTION IS OWED

### 2.1 Executing transactions on behalf of clients:

Tilney owes a duty of Best execution when it “executes transactions on your behalf”. Tilney

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.

### 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 Retail-Clients

If we have classified you as a retail client, Tilney will 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.

#### 2.2.2 Professional Clients

If we have classified you as a Professional client, our determination of when best execution applies will depend on the type of transaction you are seeking to execute with us.

- Where we execute a transaction in a MiFID II financial instrument by dealing as agent and you have not given us specific instructions in relation to all relevant aspects of the transaction, we will assume you place legitimate reliance on us to protect your interests in relation to those elements of the transaction where we have discretion.
- Where there is a practice in a particular market that suggests that you would “shop around” for quotes, then it is less likely you will be placing reliance on us.
- If you have ready access to prices in a particular market then it is less likely you will have reliance on us.
- Where you have pre-agreed a price with a third party and are using Tilney to confirm and book the transaction, then it is less likely you will have reliance on us.

Following consideration of all relevant factors, including the above we will take a view as to whether there is legitimate reliance on Tilney to provide Best Execution on any particular transaction.

### 3. DELIVERY OF BEST EXECUTION

Where we have determined that Tilney 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, Tilney may consider the following factors to achieve best execution on a consistent basis:

- Price;
- Costs;
- Speed;
- Liquidity
- 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. While price, costs, liquidity, speed and likelihood of execution will be the principle factors in determining the trading process, under 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, the particular circumstances of the individual trade being executed and the instructions (if any) given by you, and while as mentioned previously the principle factors considered will be price, costs, liquidity, speed and likelihood of execution before any trade is undertaken, our traders will review the alternative trading methods to form a strategic decision based on the characteristics of the trade and the relative importance of each of the factors mentioned above. As a general rule, we will try to identify those venues/counterparties which are the sources of natural liquidity before entering any order into the market as finding a matching buyer or seller eliminates the spread cost between bid and offer prices, increases the chances of both price improvement and likelihood of settlement and helps reduce market impact. We will respond to any client queries in a timely and efficient manner without delay.

Our traders will use reasonable judgement together with their understanding of the appropriate execution criteria when formulating a transaction strategy. For example in a larger order minimising market impact may be considered of more importance than price, or in an illiquid instrument certainty of completion may take preference over price, costs or speed of transaction.

## 4. HOW WE PROVIDE BEST EXECUTION

### 4.1 Retail clients

Unless instructed otherwise by you, we will determine the best possible result for you in terms of the "total consideration" of the transaction (see above). Total consideration represents the price at which the trade is executed at, and if relevant

any external costs (excluding Tilney 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 the Total Consideration.

#### 4.2 Professional clients

If you are a professional client, in general we would expect price to be the most significant factor in the execution of your transactions unless instructed otherwise by you. However there may be circumstances where, depending on the nature of the transaction other factors should be prioritised over price.

#### 4.3 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 CRITERIA/EVALUATION

Transactions of behalf of Tilney clients will be executed only with or through approved brokers and counterparties. The selection process may include (but not necessarily involve all of) the following

- Ability to provide best price and maximise the opportunity for price improvement
- The ability to search and obtain liquidity
- The ability to minimise market impact
- The ability to maintain and commit adequate capital to complete trades
- The ability to complete trades, to complete trades quickly and to minimise the number of incomplete trades
- Evaluation of pre and post trades transparency
- Enabling access to specific markets (Eg overseas exchanges)

- Quality and speed of electronic execution
- Timely and accurate provision of execution reports
- Ability to satisfy Tilneys trading needs in a diligent and consistent manner (e.g. hit rate).
- Responsiveness to comments or complaints regarding erroneous trades and willingness to correct such errors
- Ability to adopt and have access to all trading options with a view to improving execution quality

#### 5.1 Evaluation

The approved brokers/ counterparties will be evaluated at least on an annual basis according to the criteria above and the results reported to the relevant committee. Consideration will also be given whenever a material change occurs that affects our ability to continue to obtain the best possible result for our clients.

5.2 Approved List - Requirements from 3rd Party brokers and counterparties prior to admission to Approved list

Before being admitted to the List of approved brokers and counterparties the following information is required from them by Tilney

- Full registered name and address
- Website details
- Standard settlement instructions
- Certificate of incorporation (optional)
- Latest financials/audited annual reports
- Regulator
- Associated regulator number/ID/LEI number

### 6. OBLIGATIONS FOR HANDLING ORDERS AND MAINTAINING RECORDS OF ORDERS

Tilney 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. Tilney 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 a Client's advantage or disadvantage in relation to a particular order - see Sections 10 & 11].

Tilney 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 basis (at least annually) 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, 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 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 a price 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 and 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 that period as a result of regulatory and/or operational, or economic changes. The LiquidMetrix Transaction Cost Analysis (TCA) Report provides summary statistics of overall trading performance for a set of client orders against industry standard benchmarks and some unique LiquidMetrix measures. Summary aggregate tables give breakdowns in performance for all orders for a particular client, a specific day or those executed by a particular Broker enabling an in-depth analysis of execution performance.

This review process will be undertaken through the Best Execution committee (BEC), with set terms of reference in order to provide oversight of the firms' execution arrangements and performance findings through post-execution benchmarking and post-trade analysis. The BEC reports directly to Tilney senior management and meets monthly to consider the findings of the monitoring activities by the dealing desk and compliance department and to review all aspects of Tilney's Order Execution Policy. The BEC'S membership will comprise of senior representatives from Execution trading, operations, compliance and legal and risk management. The BEC will be known as the First Line of Defence. Their review and findings will then be counter reviewed by the Compliance department. This will be the Second line of Defence.

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. EXECUTION VENUES

### 9.1 TOP 5 VENUES

Tilney will provide on its website a list of its current top 5 trading venues for each financial instrument and Asset class.

These top 5 venues will be kept under periodic review and Updated in accordance with Tilney best execution practices. Execution venues will be reviewed on a semi-annual basis.

### 9.2 EXECUTION VENUES

For the purposes of MiFID II, and in meeting our obligations to take all sufficient 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)
- Organised Trading Facilities (OTFs)
- Financial intermediaries – i.e. brokers
- Retail service Providers (RSPs)

Tilney 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.

### 9.3 SINGLE EXECUTION VENUES

Tilney 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 financial 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

While Tilney may chose the use of a single execution

venue in a specific class of financial instrument, it will not be absolved from our duty of providing “ best execution “on behalf of clients , and therefore it will regularly assess the market landscape to determine whether or not the emergence of new players, new venue functionalities or execution services provide alternatives to the use of a single trading venue. Tilney will monitor the quality of transactions executed on single venues using Trade cost analysis (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.

### 9.4 TRADING OUTSIDE OF A RECOGNISED EXECUTION VENUE

In order to meet our best execution obligations to clients Tilney reserves the right to use execution venues other than those mentioned above. When trading outside of a recognised venue, Tilney 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 (MTF), the firm will inform the client and obtain the clients prior express consent before proceeding to execute their orders .Tilney may obtain this consent either in the form of a general agreement or in respect of individual transactions.

### 9.5 FACTORS DETERMINING 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



desk dedicated to achieving best execution for our clients' trades. We have a wide choice of execution venues or entities that we can utilise to achieve best execution. Because we have no affiliated investment bank or broker and have not entered into any express agreements with any trading counterparty with regards to trading volumes or commitments, our traders are not constrained in the selection of venues which may be used in the pursuit of best execution and are free to select a venue which offers best overall terms for our clients. Venue selection has become more critical as market volumes have fragmented to a wider number of platforms resulting from greater competition. To achieve best execution our traders look for a venue or venues where they can reach all potential sources of liquidity.

The selection of venue and the type of execution strategy is vitally important. We believe that keeping the direct costs of trading low (such as commissions low) is only part of the process and that making good pre-trade decisions on how to minimise the implicit costs (such as market impact and opportunity costs) are of equal or greater importance.

Tilney may consider the following factors when determining the choice of venue on which to obtain best execution of a client order

- Price (likelihood and frequency of price improvements, pre and post price transparency)
- Trade size
- Liquidity
- Venue costs
- Speed
- Likelihood of execution and/or settlement
- Type of financial instrument
- Nature of order
- Any other relevant factor

The relative importance of each factor is unique to the particular circumstances surrounding an individual trade. That said, however, liquidity-the particular combination of price, costs and size,

plus the likelihood of execution is usually the most considered combination of factors, when considering an execution venue.

## 9.6 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 Tilney owe the client best execution.

## 9.7 EXECUTION VENUES/ASSET CLASSES

### 9.7.1 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.

When an order is less than 1 x NMS (normal market size) or less than £100,000 in consideration, Tilney would generally route the order via the "Retail service provider (RSP)" network for trading.

This use of the RSP network we believe offers the client the most efficient way of achieving "best result" 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 a poor 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 market 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 challenging 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 panel counterparties, but in the case of larger orders sensitive to information leakage, the risk of price movement, may not be in the best interests of our clients.

When the situation and underlying instrument warrants that we use algorithmic trading - the 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"(SOR) 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.

### 9.7.3 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, such as sovereign G10 bonds (US treasuries, German Bunds, UK Gilts) or for the higher rated corporate issues,

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 and Tradeweb 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.

### 9.7.4 OVERSEAS EQUITIES

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

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 [priority/ weighting?] on overseas trades.

#### 9.7.5 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, Tilney 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.

#### 9.7.6 COLLECTIVE INVESTMENTS OPEN-ENDED FUNDS

Trades in collective open-end funds are traded on behalf of Tilney by Pershing securities who act as our custodian. These trades are directed electronically by Tilney support services to Pershing Securities who then trade electronically (via the EMX, Calastone or Fundsettle platforms) with the designated Manager/ product provider of the underlying fund.

Once the underlying fund has been valued by the relevant Fund manager the price is reported back to Pershing Securities, who as Custodians price and book all client trades on our behalf.

#### 10. AGGREGATION OF CLIENT ORDERS

In order to carry out client's 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. LIMIT ORDER HANDLING

Limit orders will be accepted on a "best endeavour" basis only. The limit order will be considered both live and firm for one business day. Thereafter the client limit order must be renewed either by the client or by the client executive on a daily basis.

#### 13. INTERNAL CROSSING/CROSSING NETWORKS

Tilney will undertake the "crossing" of client business on an agency basis at a price deemed fair and equitable to both parties (in most circumstances this would be the "mid-price" between current bid and offer) from time-to-time as the situation arises. Tilney never cross client orders on a principal basis or via the use of a crossing network.

#### 14. TRADE INDUCEMENTS/COMMISSION SHARING ARRANGEMENTS (CSAs)

Tilney does not pay or accept any fee or commission or provide or receive non-monetary benefit in relation to carrying out designated investment business.

Tilney does not operate or have in place CSAs any with external third parties, furthermore Tilney does not receive or make payment for any 3rd party research.

#### 15. STEP OUT (OR SIMILAR) ARRANGEMENTS

Tilney does not utilise step-out trading when executing client business.

#### 16. PAYMENT FOR ORDER FLOW (PFOF)

Tilney do not employ the practice of payment for order flow (PFOF), as we believe such an arrangement creates a clear conflict of interest between our clients and the firm itself. Therefore it is unlikely to be compatible with our inducement rules, and risks compliance with our best execution rules and obligations. By not employing PFOF our traders are able to choose from a wide number of counterparties and execution venues thus enabling us to deliver best outcome for our clients.

#### 17. CONFLICT OF INTERESTS

Tilney has a duty to act in the best interests of our clients and to treat them fairly when providing investment services to them. From time to time, there may be situations that give rise to a conflict of interest. A conflict can arise between the interests of Tilney and/or its employees, and the interests of a client of Tilney. A conflict of interest can also arise between the interests of one client of Tilney and another client. In such circumstances, we have put in place effective organisational and administrative arrangements to ensure that sufficient steps are taken to prevent the conflict giving a material risk of damage to the interests of our clients. In addition, where we pay or accept any fee or commission, or provide or receive any non-monetary benefit in relation to our investment services, care must be taken to ensure such benefits do not place Tilney or any third party firm in a situation that is not compliant with the general duty of acting in accordance with the best interests of our clients.

As Tilney is independent and is solely involved in agency investment management activities, conflicts of interest in our trading activity are generally limited to those inherent within the investment management process of acting for more than one client. With reference to the Order Execution Policy, delivery of Best Execution is determined by considering the following factors to achieve best execution on a consistent basis: Price, costs, speed, liquidity,

likelihood of execution or settlement, size, nature, type and characteristics of financial instrument and any other factor relevant to the execution of the order.

#### THE IDENTIFICATION AND MANAGEMENT OF CONFLICTS OF INTEREST

Tilney maintain organisational arrangements which identifies conflicts and potential conflicts of interest that exist within the firm and the procedures and controls that have been adopted to manage these conflicts. These arrangements are subject to review and approval by the Compliance Department. Each employee of Tilney has a responsibility for the identification of conflicts through adherence to the firms Code of Ethics which requires staff comply with their fiduciary obligations to clients and applicable securities laws, and specific requirements relating to, among other things, personal trading, inducements, ethical conduct and conflicts of interest.

Although individual employees are permitted to trade in securities for their own accounts, including the same securities as maybe sold or purchased for client accounts, the person must follow the procedures which are designed to prevent individuals from engaging in personal transactions that may compete or interfere materially with the trading of client accounts. It requires all individual employees to report their personal securities transactions to the compliance department for review. (Reference Person Account dealing policy)

Furthermore, individuals are required to

- a. Seek approval prior to any personal trading.
- b. Receive approval prior to any personal trading.
- c. Provide copies of contract notes to the compliance department.

One of the main concerns of regulators is that conflicts of interest can arise from the fact that when trading, asset managers may often be purchasing two sets of services, one directly related to the execution of trades and a second set which is not. A conflict may manifest itself in the choice of trading party or execution venue, the volume of trading or the cost of trading. The decision to place orders with

a counterparty is correlative to Best Execution. In order to obtain this for the client, it is the Central Dealing Desks role to manage and monitor conflicts when dealing.

Tilney has addressed this potential conflict of payment for order flow by effectively separating payments for research from those of execution, and paying for the former directly itself without then passing this cost on to our clients.

Another area where a conflict of interest potentially arises is in the placing of orders for multiple clients and the subsequent fair allocation of trades. With reference to the Order Aggregation Policy, however, the risk of unfair treatment is minimised by the procedures employed between our investment teams and the traders. Communication between different areas within the firm prior to generating bulk trades ensures that all groups are given the opportunity to participate in a single investment decision at the same time. (Unless client specific circumstances dictate otherwise).

Once an order has been created, investment managers cannot alter the order to the benefit of a specific client or group of clients, unless there are special circumstances, examples being investing funds on behalf of a new client, or an unexpected outflow or inflow of funds from an existing client.

The allocation of executed trades when completed in full is allocated to participating clients without delay. When orders remain incomplete at the end of

the trading day, the portion of the order completed will be allocated on a pro-rata basis, unless there is a significant reason for not doing so, an example being where so little stock is sold or bought that the costs of settlement outweigh the benefits to the client.

#### POLICY ON INDUCEMENTS

In addition to our conflicts management process, we maintain policies on the giving or receiving of payments, gifts or entertainment, or other non-monetary benefits to or from third parties that could constitute some form of inducement.

#### ON-GOING MONITORING OF CONFLICTS OF INTEREST

Conflicts of interest are reviewed regularly by the Head of Risk and the Executive responsible for the area affected by the risk. This ensures that any new conflicts are captured and controls reviewed. Full details are contained in Tilney's conflicts policy, which is available on request.

## APPENDICES

### APPROVED BROKER/COUNTERPARTY LISTS

#### APPENDIX I

##### APPROVED COUNTERPARTY LIST UK EQUITIES (INCLUDING RSPs)

Arden Partners  
Autonomous  
BMO capital  
Canaccord Genuity  
Cantor Fitzgerald Europe  
Cenkos Securities  
Dexion Capital  
Finncap Ltd  
J + E Davy  
Investec Bank  
J P Morgan  
Jefferies International  
KCG Europe Ltd  
Liberum  
Macquarie Capital Europe  
Novum Securities Ltd  
NPLUS1 Singer Capital Ltd  
Numis Securities Ltd  
Panmure Gordon (UK) Ltd  
Peel Hunt LLP  
Shore Capital Ltd  
Stifel  
WH Ireland  
Winterflood Securities Ltd

#### APPENDIX II

##### APPROVED COUNTERPARTY LIST EXCHANGE TRADED FUNDS (ETFs)

Autonomous  
Bluefin Europe  
Cantor Fitzgerald  
Commerzbank  
Flow Traders  
IMC Trading BV  
Jane Street  
NSBO  
Optiver  
Peel Hunt  
Susquehanna  
Unicredit Bank  
Winterflood Securities

#### APPENDIX III

##### APPROVED COUNTERPARTY LIST - BONDS

Barclays Capital  
BNP Paribas  
Bridport  
Canaccord Genuity  
Credit Agricole  
Guy Butler  
Investec Bank  
Jefferies International  
NCL Smith + Williamson  
Oppenheimer  
Peel Hunt  
RBC Capital  
Ria Capital  
TD securities  
Unicredit Bank  
Winterflood Securities

#### APPENDIX IV

##### APPROVED COUNTERPARTY LIST GILT EDGED SECURITIES (GILTS)

Barclays Capital  
Bridport  
Canaccord Genuity  
Cantor Fitzgerald  
Credit Agricole  
Guy Butler  
Investec Bank  
Jefferies International  
NCL Smith + Williamson  
Oppenheimer  
Peel Hunt  
RBC Capital  
TD Securities  
Unicredit Bank  
Winterflood Securities

#### APPENDIX V

##### APPROVED COUNTERPARTY LIST STRUCTURED PRODUCTS

Catley Lakeman  
Credit Suisse  
Global Prime Partners  
HSBC  
JP Morgan  
Morgan Stanley  
UBS

#### APPENDIX VI

##### APPROVED COUNTERPARTY LIST OVERSEAS EQUITIES

Daiwa Securities Ltd  
KCG Europe  
Maybank Kim Eng Securities  
O'Neil Securities  
Peel Hunt  
Pershing Securities  
Winterflood Securities



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