

# Execution Policy

## 1 Purpose

We have put in place an Execution Policy to ensure that, as required by the FCA Rules, we take all sufficient steps to obtain the best possible result on behalf of our Clients when executing orders in relation to financial instruments. We are also required to provide appropriate information to Clients about our order Execution Policy.

## 2 Scope

Our Execution Policy applies where we execute orders on your behalf as agent or as principal. The policy applies to both Retail and Professional clients. We will execute orders on your behalf where you legitimately rely on us to protect your interests in relation to the pricing or other aspects of a transaction that may be affected by how we execute the order. When we are not executing your orders ourselves, but are merely transmitting them to an approved third party for execution, we will act at all times in your best interests and take all sufficient steps to obtain the best possible result for you.

The following financial instruments are within the scope of MiFID II and the Policy applies when executing orders or passing orders to a third party for execution in these instruments:

- Equities or shares
- Fixed interest or bonds
- Units in collective investment schemes
- Exchange Traded Funds (ETFs) and Exchange Products (ETPs)
- Structured Products
- Derivatives
- Forward FX

## 3 Order Execution

Subject to any specific instruction that may be given by you (see 'Specific Client instructions' below), when executing orders on your behalf in relation to financial instruments, we will take all sufficient steps to achieve what is called best execution of your orders. Please note for purposes of best execution financial instruments do not include spot transactions or loans and certain exclusions apply to commodities. This means that we will have in place a policy and procedures which are designed to obtain, on a consistent basis, the best possible execution result, subject

to and taking into account the execution factors (see paragraph 4).

We may either execute orders directly or use other Schroder Group entities to act as our agent to execute orders on our behalf. However, we remain accountable to Clients for ensuring best execution of their orders.

A cross trade is an arrangement whereby a sale order for one client and a purchase order for another client is placed with the same broker, with the intention that the sale order is executed with the purchase order at the pre-arranged price. The overriding objective of initiating a cross trade is to achieve best execution. Cross trades can meet the objective of best execution because there is no market impact and they incur minimal administrative fees or commissions. In no circumstances should Cazenove Capital charge the participating clients any additional fees for cross trades.

It is prohibited to cross stock between clients except through an independent dealer. It is also prohibited for staff to cross stock directly between a client account and any personal or connected account, regardless of whether the bargain is put through an independent dealer without Compliance approval.

Portfolio managers may instruct orders to be crossed in order to satisfy the investment objectives of the client they are managing. Instructions to cross should only be given where one of the clients is a natural buyer of a security and another a natural seller. As a result it can be advantageous to both clients for the portfolio manager to instruct the dealers to cross in order to achieve the overriding objective of best execution.

In order to address the conflict of interest there must be documented evidence to show that both sides of the trade are in the best interests of the clients. The evidence must be created prior to execution and explain why one client is a natural buyer and one a natural seller. The price achieved must support the case that the clients involved were treated fairly. In transparent markets this is likely to be the market mid point for the security. In non-transparent markets the transaction must be executed at a price derived, following reasonable inquiry, from independent market data such as reported transactions, independent dealer quotes or bona fide offers in an active secondary market. Sources other than market execution data should be documented in writing.

Under the FCA Rules, we must be able to demonstrate that we execute orders in accordance with our Execution Policy, but this does not necessarily mean that we will obtain the

best possible price for every trade. Our commitment to provide you with best execution does not mean that we owe you any fiduciary responsibilities over and above the specific regulatory obligations placed upon us or as may be otherwise contracted between us.

#### Warehousing

Only on an exceptional basis can orders in certain securities for retail clients, placed by Cazenove Capital for a client's account, be carried over from the day of placement to the following business day if they are unable to be completed prior to the market's close. Orders for clients may be carried over for up to five business days. Warehousing over a weekend is not permitted and must be booked or closed by COB each Friday, each month end, each quarter end and by year end.

## 4 Execution Factors

We will take into consideration a range of different execution factors which include not just price, but which may also include such other factors as the cost of the transaction, the need for speed in the execution, the liquidity of the market (which may make it difficult to even execute an order), the likelihood of execution and settlement, the size and nature of the order and the nature of the financial transaction including whether it is executed on a Trading Venue or over-the-counter (OTC). Please see appendix 1 for further detail by financial instrument type.

## 5 Execution Criteria

We will also take into account, in assessing the relative importance of the above execution factors, the following execution criteria:

#### Your Client Categorisation

The client categorisation we give to you (for example, "retail client") may have an impact on how we execute orders. When we execute orders on behalf of our Retail Clients, we determine the best possible result in terms of the total consideration, representing the price of the financial instrument and the costs related to execution including expenses incurred by the Client which are directly related to the execution of the order, commission, execution venue fees, clearing and settlement fees and any other fees paid to third parties involved in the execution of the order. However, in certain circumstances, for some orders, financial instruments or execution venues, or for Professional Clients, we may decide that other execution factors listed above may be more important than price and costs in determining the best possible result.

#### Your Order

The way in which we receive an order does vary. For example, the order may be the result of our discretionary

or advisory investment management services or it may result from our execution-only business. Where an order (or a number of aggregated orders) is significant relative to normal market size for the financial instrument in question, greater importance is likely to be given to the potential market impact and other implicit transaction costs in delivering the best possible result.

#### The Characteristics of the Financial Instrument

The different circumstances associated with the execution of orders related to particular types of financial instruments will be taken into account.

#### Execution Venues To Which The Order Can Be Directed

See paragraph 6.

## 6 Execution Venues

We or other Schroder Group companies may access execution venues as described below (except for Clients who have appointed an External Custodian) or may execute from our own account or we may access other execution venues. Examples of instruments traded on venues are provided below. Please note the venues may trade other instruments.

#### Regulated Market

A multi-lateral system operated and/or managed by a market operator, which brings together or facilitates the bringing together of multiple third-party buying and selling interests in financial instruments – in the system and in accordance with its non-discretionary rules – in a way that results in a contract, in respect of the financial instruments admitted to trading under its rules and/or systems, and which is authorised and functions regularly and in accordance with the provisions of MIFID II. Equities may be traded on this venue.

#### Multilateral Trading Facilities (MTF)

A multi-lateral system operated by an investment firm or a market operator, that brings together multiple third-party buying and selling interests in financial instruments – in the system and in accordance with non-discretionary rules – in a way that results in a contract in accordance with the provisions of MiFID II. Bonds may be traded on these venues.

#### Organised Trading Facilities (OTF)

A multi-lateral system that is not a Regulated Market or a MTF and in which multiple third-party buying and selling interests in financial instruments are able to interact in the system in a way that results in a contract in accordance with the provisions of MiFID II. Bonds may be traded on these venues.

## Systemic Internalisers

Any firm that, on an organised, frequent, systematic and substantial basis, deals on its own account by executing client orders outside a Regulated Market, MTF or an OTF without operating a multilateral system. Structured Products may be traded on these venues.

## Market Makers

Any firm that holds itself out on the financial markets on a continuous basis as being willing to deal on its own account by buying and selling financial instruments against its proprietary capital at prices defined by such firm. Equities traded on the Alternative Investment Market (AIM) may be traded on these venues.

## Liquidity Providers

Any firm that holds itself out as being willing to deal on its own account by buying and selling financial instruments against its proprietary capital at prices defined by such firm.

## Intermediaries

We or other Schroder Group companies may transmit orders to an approved third party for execution. We will act at all times in the client's best interest and remain accountable for ensuring best execution of their orders although we or Schroder Group companies may be treated as a professional client. Schroder Group companies may execute client orders through a leading broker or investment bank where we believe it achieves the best possible execution results for clients on a consistent basis. We consolidate our equity dealing for a geographic region with a single broker, subject to the on-going monitoring of execution quality and periodic review of alternative execution venues.

When not acting as Principal, Cazenove Capital uses a Schroder Group company to facilitate the execution of client orders on its behalf. In such cases where Cazenove Capital is not executing directly but transmitting orders to an approved third party for execution, Cazenove Capital will act at all times in the client's best interest and remain accountable for ensuring best execution of their orders. In all cases Cazenove Capital will ask to be treated as a Professional Client.

A leading broker is a broker or investment bank with which Cazenove Capital through a Schroder Group company regularly uses to execute its client orders. The following table lists the leading brokers in alphabetical order. Any additional brokers used but not listed below will nevertheless still have been selected in accordance with the policy.

BNP Paribas	JPMorgan
Canaccord Ltd	Macquarie Bank
Credit Suisse	Merrill Lynch
Exane BNP Paribas	Pictet
HSBC	Royal Bank of Canada

## 7 Selecting an Execution Venue

We carefully select the leading brokers with whom to execute transactions. Brokers are selected according to the quality of trade execution. Selection would include criteria such as:

- Their order execution arrangements and order execution policies to satisfy ourselves that they are appropriate and comply with the requirement to provide us with best execution
- Perceived creditworthiness, reputation and financial stability
- Access to markets and quality of service (such as responsiveness and promptness of execution)
- Competitiveness of costs and charges
- Ability to handle less liquid instruments and provide consistently competitive spreads

It is our policy that third party brokerage costs incurred on behalf of Clients will relate solely to the execution of trades and will not include costs for the provision of investment research or other services. In some cases because of the nature of the order, the best execution obligation has limited scope. These are as follows:

### Single Venue Transactions

Where the nature of the transaction results in there only being one execution venue and therefore the only pricing consideration is the time of execution.

### Highly Structured and Bespoke Transactions

When dealing in highly structured off exchange transactions, it may not be possible to provide any comparisons with other transactions or instruments. Different considerations will apply where the transaction involves a customised OTC financial instrument tailored to your circumstances.

### Off Exchange Trading

Where we reasonably believe that such course of action is in your best interest and is in accordance with our Execution Policy, we may (subject to having obtained your prior express consent) deal with or for you in circumstances in which the relevant transaction is executed outside a Regulated Market, OTF or MTF, or is otherwise not regulated by the rules of any stock exchange or investment exchange. When we deal with leading brokers that act as principal in a transaction, off exchange trading may occur. Some bond products may be executed OTC.

### Specific Client Instructions

Where you give us a specific instruction as to the execution of an order, we will execute the order in accordance with those specific instructions, subject to the FCA Rules. Where your instructions relate to only part of the order, we will continue to apply our Execution Policy to those aspects of

the order not covered by your specific instructions. **You should be aware that providing specific instructions to us about the manner of execution may prevent us taking the steps we have designed and implemented in our Execution Policy to obtain the best possible execution result** in respect of the elements covered by your instructions. In the absence of express instructions from you, we will exercise our own commercial judgement and experience in the light of market information available, using the above criteria, to determine the factors that we need to take into account for the purpose of providing you with best execution and the relative importance of those factors.

## 8 Consent to Non-Publication of Limit Orders

Client instructed limit orders (in respect of shares admitted to trading on a Regulated Market) which are not immediately executed under prevailing market conditions must be published to other market participants unless the Client elects otherwise. We believe that your interests are best served if we are able to use our discretion in determining whether to make public such limit orders. Rather than seeking this consent for individual transactions, it seems more appropriate for us to seek this consent in the form of a general agreement up front. In signing the Client Information and Appointment Form (or other account-opening documentation) we acknowledge your consent to our exercising our discretion in this regard. In relation to individual limit orders, it will always remain open to you to instruct us to make them public, even having provided this general consent.

## 9 Other Information About Our Order Execution Policy

Structured products (some offering capital protection) and OTC derivatives are often complex and are not readily tradable. However, where we execute structured products or OTC derivative orders on behalf of Clients, the best execution obligations may have limited scope. We will however, consider the fairness of the price offered. Structured products are constructed using a number of financial instruments which are financed out of the initial investment and the interest foregone by the investor on his cash investment. For such orders we may use a range of counterparty investment banks or other third parties.

In doing so, we will typically place in competition a panel of leading investment banks in order to deliver the best possible result in terms of total consideration. In order to find liquidity when redeeming a position in whole or part, the likelihood of execution may be an important factor in selecting the counterparty which will frequently be the original counterparty for the transaction. We may execute structured products and derivatives for clients as principal.

For FX Transactions in major currencies, we will act as principal and buy or sell the currency requirement from or

to our Clients at the prevailing market rate (subject to a bid/offer spread) and apply a tiered margin rate to such trades. For FX Transactions involving currencies that we do not execute as principal or which are executed by a third party broker in connection with a security transaction, the currency is bought or sold by our global sub-custodian (which may be an Associate), or the broker, at prevailing market rates with a margin or bid/ offer spread applied.

When we execute orders for retail clients, this will be subject to the FCA Rules regarding best execution, prioritisation and fair allocation. All transactions in FX or other investments are subject to applicable local market regulations and the principle of fair treatment of clients.

### Annual Reports

On an annual basis Cazenove Capital will publish the following reports relating to execution of client orders on its website:

### Execution Reports

These reports contain a list of the top 5 order execution venues used for Retail and Professional Clients. This is based on the trading volumes of client orders in the preceding year and set out in respect of each class of financial instrument.

It should be noted that the list of execution venues is not exhaustive, but discloses the top 5 execution venues by instrument class with which Cazenove Capital or the Schroder Group company places significant reliance. Any other venues used but not listed will nevertheless still have been selected in accordance with the policy.

### Quality of Execution

This report contains a summary of the analysis and conclusions Cazenove Capital draws from its detailed monitoring of the quality of execution obtained on the venues where it executed all client orders in the previous year. The document includes an explanation of how Cazenove Capital has used available data or tools relating to the quality of execution.

### Monitoring and Review

#### Monitoring

Cazenove Capital monitors the effectiveness of its order execution arrangements and the Policy to identify and, where appropriate, correct any deficiencies. Cazenove Capital assesses on a regular basis whether the execution venues included in the Policy provide best execution and makes adjustments in its execution arrangements if necessary.

Where Cazenove Capital uses other companies in the Schroder Group to execute client orders as its agent, the relevant Schroder Group company will assist Cazenove Capital in performing such monitoring or assessing. Cazenove Capital uses a Transaction Cost Analysis ("TCA")

system to analyse execution quality for trades. This analysis, and analysis of broker commissions, is undertaken on a monthly basis.

### **Review**

Regulatory rules require firms to monitor the effectiveness of its order execution arrangements and the Policy. Firms must assess whether the execution venues included in the order execution policy provide for the best possible result for the client or whether it needs to make changes to its execution arrangements or execution policy.

The Policy is reviewed at least annually and any changes reported to the UK Management Committee, which is responsible for overseeing the review.

The Securities Team periodically review the brokers that are used and provides Senior Management and Compliance with the results of such reviews.

Cazenove Capital carries out at least annually the following reviews:

- Broker commissions
- Execution prices for a sample of transactions
- Ad hoc checks of unusual executions
- Other appropriate reviews on an ad hoc basis
- Assessment of execution quality
- Assessment of selection of execution venues

This Policy is reviewed whenever a material change occurs that affects Cazenove Capital's ability to continue to obtain best execution on a consistent basis using the venues set out in this document.

### **Governance**

Cazenove Capital has a robust governance framework in place to ensure that there is appropriate oversight over the firm's arrangements in order to deliver the best possible result for clients and achieve best execution wherever possible. The firm has established an Investment Risk Committee which convenes on a regular basis and includes the review of execution venue selection and quality of trade execution as a part of its responsibilities. The Investment Risk Committee is a sub-committee of the UK Wealth Management Committee and is chaired by the Deputy CEO.

### **Disclosure**

Cazenove Capital has an obligation to provide clients with appropriate information and obtain their prior consent to the Policy. Cazenove Capital has provided its clients with a summary of the Policy in its Terms of Business and clients consent to the Policy by signing the Client Information and Appointment Form. It is the responsibility of the client manager to ensure clients receive information on the Policy.

Where there is a material change to the Policy it will be disclosed to clients via the Cazenove Capital website.

# Appendix 1

## Equities

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### 1 Instruments

Equity transactions include:

- Shares
- American Depositary Receipts
- International Depositary Receipts
- Global Depositary Receipts
- Private Equities

### 2 Prioritisation of Execution Factors

We have set out below, how we prioritise execution factors against a set of criteria when executing equity transactions. However, such prioritisation is not fixed and appropriate consideration needs to be carried out on a transaction by transaction basis. Although price is usually the leading factor for most orders, certainty of execution, reduction of market impact and speed of execution might have greater importance depending on size of the order and the market conditions at any given time. The prioritisation of factors may therefore need to be adjusted to take these circumstances into account in order to ensure the best possible result.

#### Liquid Equities – General

1. Price
2. Costs
3. Speed
4. Size
5. Likelihood of execution and settlement
6. Nature of the transaction or any other relevant considerations

#### Illiquid Equities – Market Maker stocks

The market for illiquid securities is often less transparent and are most effectively executed using a market maker. Consideration is given to the most effective market maker.

1. Size
2. Likelihood of execution and settlement
3. Price
4. Costs
5. Speed
6. Nature of the transaction or any other relevant considerations

#### Illiquid Equities – Private Equity

Private equities may only be available using a single venue. The consideration will then be restricted to the timing of execution and if the trade is priced fairly.

### 3 Execution Venues

Equity transactions are usually transmitted by us, to leading brokers or other Schroder Group companies. Our Swiss entity may execute directly with the SIX Swiss Exchange Ltd. Execution venues have been evaluated to ensure best worldwide coverage and to fulfil trading needs. Other venues will be considered where necessary, should we require coverage of additional jurisdictions which we may use on an irregular basis.

Additional factors impacting the execution venue selection include:

- Jurisdictional rules and regulations
- Clearing schemes
- Circuit breakers
- Scheduled actions
- Other relevant considerations

Our execution venue selection is consolidated to ensure liquidity is not diluted with extra costs being incurred by spreading lower volumes across additional venues. Main execution venues:

- |                                  |               |
|----------------------------------|---------------|
| – Exane BNP Paribas              | Europe        |
| – Pictet Canada LP               | US and Canada |
| – SIX Swiss Exchange Ltd         | Swiss         |
| – Macquarie Capital (Europe) Ltd | APAC          |

## 1 Instruments

Fixed income transactions include:

- Bonds (domestic and foreign)
- Floating Rate Notes
- Eurobonds
- Treasuries
- Inflation linked Bonds

## 2 Prioritisation of Execution Factors

We have set out below, how we prioritise execution factors against a set of criteria when executing equity transactions. However, such prioritisation is not fixed and appropriate consideration needs to be carried out on a transaction by transaction basis. Although price is usually the leading factor for most orders, certainty of execution, reduction of market impact and speed of execution might have greater importance depending on size of the order and the market conditions at any given time. The prioritisation of factors may therefore need to be adjusted to take these circumstances into account in order to ensure the best possible result.

Fixed Income – General

1. Price
2. Costs
3. Speed
4. Size
5. Likelihood of execution and settlement
6. Nature of the transaction or any other relevant considerations

## 3 Execution Venues

Fixed Income transactions are usually transmitted by us, to leading brokers or other Schroder Group companies. Our Swiss entity may execute directly with the SIX Swiss Exchange Ltd. Execution venues have been evaluated to ensure best worldwide coverage and to fulfil trading needs. Other venues will be considered where necessary, should we require coverage of additional jurisdictions which we may use on an irregular basis.

Additional factors impacting the execution venue selection include:

- Jurisdictional rules and regulations
- Clearing schemes
- Circuit breakers
- Scheduled actions
- Other relevant considerations

The main execution venues for our fixed income transactions are:

- Bloomberg MTF
- SIX Swiss Exchange Ltd

# Exchange Traded Products

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## 1 Instruments

Exchange Traded Product Transactions include:

- Exchange Traded Funds
- Exchange Traded Notes
- Exchange Traded Commodities

## 2 Prioritisation of Execution Factors

We have set out below, how we prioritise execution factors against a set of criteria when executing exchange traded product transactions. However, such prioritisation is not fixed and appropriate consideration needs to be carried out on a transaction by transaction basis. Although price is usually the leading factor for most orders, certainty of execution, reduction of market impact and speed of execution might have greater importance depending on size of the order and the market conditions at any given time. The prioritisation of factors may therefore need to be adjusted to take these circumstances into account in order to ensure the best possible result.

We carry out exchange traded product transactions directly on venue. However, where we have larger sized orders, these will typically be put in competition through a panel of market makers.

### Products traded on Exchange

1. Price
2. Costs
3. Speed
4. Size
5. Likelihood of execution and settlement
6. Nature of the transaction or any other relevant considerations

### Products traded with Market Makers

1. Size
2. Likelihood of execution and settlement
3. Price
4. Costs
5. Speed
6. Nature of the transaction or any other relevant considerations

## 3 Execution Venues

Orders for exchange traded products are usually transmitted by us, to leading brokers or other Schroder Group companies. Our Swiss entity may execute directly with the SIX Swiss Exchange Ltd. Execution venues have been evaluated to ensure best worldwide coverage and to fulfil trading needs. Other venues will be considered where necessary, should we require coverage of additional jurisdictions which we may use on an irregular basis.

Additional factors impacting the execution venue selection include:

- Jurisdictional rules and regulations
- Clearing schemes
- Circuit breakers
- Scheduled actions
- Other relevant considerations

Our execution venue selection is consolidated to ensure liquidity is not diluted with extra costs being incurred by spreading lower volumes across additional venues. Main execution venues:

- |                          |             |
|--------------------------|-------------|
| – Exane BNP Paribas      | Europe      |
| – Pictet Canada LP       | US & Canada |
| – Bloomberg MTF          | Global      |
| – SIX Swiss Exchange Ltd | Swiss       |



# Structured Product Transactions

## 1 Instruments

We execute a variety of Structured Products which include:

- Auto Call Automatically matures when a predefined condition is met
- Participation Magnifies return in relation to the underlying
- Warrants Option to convert if the strike price is met
- Dividend and income Provides an income related return

## 2 Prioritisation of Execution Factors

We have set out below, how we prioritise execution factors against a set of criteria when executing structured products. However, such prioritisation is not fixed and appropriate consideration needs to be carried out on a transaction by transaction basis. The prioritisation of factors may therefore need to be adjusted to take relevant circumstances into account in order to ensure the best possible result.

Investments in Structured Products are typically held to maturity and exiting prior to maturity is not covered by the prioritisation of the factors outlined below. Please refer to the main Best Execution policy.

### Structured Products – Auto Call and Participation

1. Price
2. Cost
3. Speed
4. Size
5. Issuer concentration
6. Likelihood of execution and settlement
7. Nature of the transaction or any other relevant considerations

### Structured Products – Other

1. Size
2. Price
3. Costs
4. Issuer concentration
5. Speed
6. Likelihood of Execution and settlement
7. Nature of the transaction or any other relevant considerations

## 3 Execution Venues

It should be noted that the selection of execution venues for structured products are limited, since execution is often restricted to the issuer of the instrument. In some instances, such products may be executed with Bloomberg MTF or with the SIX Swiss Exchange Ltd. The list of issuers is approved by the Schroder Group and currently includes:

- JPMorgan
- HSBC
- Royal Bank of Canada

Additional factors impacting the execution venue selection include:

- Jurisdictional rules and regulations
- Clearing schemes
- Circuit breakers
- Scheduled actions
- Other relevant considerations

## 4 Monitoring

Best Execution is verified on an ongoing basis through transaction cost analysis, peer group analysis and alternative execution venue comparisons where available. We have selected ITG as a provider of an online Transaction Cost Analysis (“TCA”) system to analyse execution quality for trades.

To review the effectiveness of the procedures for structured products, a periodic review of structured product issuance and redemptions is conducted. Included in the considerations are whether external pricing mechanisms, are consistent with best execution.

# Foreign Exchange (FX Derivative Transactions)

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## 1 Instruments

FX Derivative Transactions include:

- FX Forwards
- FX Swaps

### Execution

FX Derivative Transactions are executed by us on a principal basis. S&Co price FX Derivative Transactions individually based on market rates, the size and nature of the FX Derivative Transaction and the volatility of the market at the time of execution.

Our policy is to execute orders for both Retail and Professional clients with the higher level of protection that is afforded to Retail Clients where it is assumed that best execution will always be owed.

We do not provide request for quote execution arrangements. Where clients request prices, we supply indicative prices and cannot guarantee to execute at the prices provided.

### Execution Factors

For liquid FX Forward and FX Swap Markets:

1. Price
2. Cost
3. Speed
4. Size
5. Likelihood of Execution
6. Other Considerations (for example, venue restrictions)

For non-liquid FX Forward and FX Swap Markets or large orders:

1. Size
2. Likelihood of Execution
3. Price
4. Cost
5. Speed
6. Other Considerations (for example, venue restrictions)