

## ORDER EXECUTION AND ALLOCATION POLICY

This policy is the “order execution policy” for the purposes of the Financial Conduct Authority (“FCA”). It also sets out RM’s approach to order aggregation, allocation and narrates the approach RM will take to providing best execution to its clients across fund asset classes.

Best execution is the process to be followed to achieve the best trading outcome for the RM Clients, for whom RM provides investment management services. This service involves executing investment decisions, including trading in financial instruments, investing in direct property and making loans. This policy sets out the approach to delivering RM’s aim of consistently executing deals on the best terms for the RM Clients in the asset classes they invest in, as well as how trades to the RM Clients are allocated. To deliver this, various factors have to be balanced, some of which may conflict.

The RM Clients are funds investing in equities, direct property and loans on behalf of underlying UK and international investors, including potentially pension funds, government agencies, financial and other institutions, wealth managers, family offices, financial advisers and individual investors, although RM will not act directly for retail clients. In relation to the equities funds for which RM is fund manager, RM must take all sufficient steps to obtain, when executing orders, the best possible results, taking into account its execution factors. It is RM’s policy to apply this standard to the other funds it manages, to the extent consistent with relevant fund’s strategy or the asset class in which those funds invest.

The consistent delivery of the best possible result when executing client orders is called “Best Execution”. RM will always act in the best interests of the RM Clients in providing Best Execution.

When executing orders (either directly or by instructing third parties to execute orders on RM’s behalf), RM must ensure that it consistently obtains the best possible results, taking into account the different execution factors so far as they apply to each strategy and asset class. The process by which RM delivers Best Execution will vary from strategy to strategy and asset class to asset class and this policy intends to describe what those factors are, how they are ranked and how they will provide best execution to clients in each strategy and asset class.

The RM individual managing the relevant RM Client will oversee which venues are most likely to provide the best possible outcomes for the RM Clients on a market by market and asset class by asset class basis. They may choose to use one venue or several, depending on achieving the best outcome for the RM Clients.

This policy covers all trading that RM carries out on behalf of the RM Clients.

### **Execution factors**

The execution factors are the price at which they can trade, the cost of trading, the speed of trading, the likelihood of successful execution and settlement, the size of the order, the nature of an order and any other consideration relevant to the execution of an order (for

instance, the liquidity of the market or venue on which they are trading, or whether the order is being traded on-exchange or “over-the-counter” (off exchange)).

The relevant execution factor’s importance will depend to some extent on the strategy, market or asset class in which trading is happening. When assessing these factors, the RM team will already have taken into account the relevant RM Client categorisation, the characteristics of the order, the characteristics of the instrument that is the subject of the order and the characteristics of the execution venues to which the order can be directed.

Obtaining the best price for each trade will be a significant factor in all trading. Cost will typically also be a major consideration, whether of the individual trade or the market or venue on which each trade is conducted. In addition, in order to deliver the best possible result, RM may also consider the speed of the transaction, likelihood of execution and settlement, the size and nature of the order, market impact and any other implicit transaction costs over the immediate price and costs considerations.

While RM ordinarily expects price to have the highest degree of importance, the process for determining the relevant importance of each factor will typically depend on the circumstances and on the fund manager’s objectives. This will dictate which of the execution factors will ultimately take precedence. Execution will also be influenced by market conditions at the time.

The nature of the instrument being traded will determine how it can be executed and on which venue. These factors together are the biggest determining factor in how Best Execution is delivered for the RM Clients. Ordinarily, price will merit a high relative importance in obtaining the best possible result. Based on experience, the next most important factor after price is typically the size of the order and available liquidity, followed by speed of execution. However, RM may decide that any of these factors, or other factors, may be more important in determining the best possible execution results, based on the circumstances, orders, financial instruments or markets relevant at the time. In those circumstances, the team may choose what to prioritise according always to what is most likely to achieve the best possible results for the RM Clients.

### **Aggregation**

Merging orders may avoid delays in execution and keep costs to a minimum. Accordingly, orders may be grouped together so that trades for a number of clients in a certain instrument are executed together. In these circumstances, individual merged trades may operate to the disadvantage of certain clients on individual transactions, but in all cases, RM will treat clients fairly when aggregating orders. If merged orders cannot be fully executed, the financial instruments will (as far as material and subject to market constraints) be allocated to clients in proportion to the size of the relevant client’s interest comparative to the size of the original order(s).

## **Crossing**

In certain circumstances, RM may decide to “cross” trades, i.e., trade between portfolios which are both managed by RM. In these circumstances, the team will ensure that the price is fair in accordance with such market information as is available and will only make such a trade if it is in the best interests, taking into account all factors, of both parties.

## **Venues**

The venues used by RM are listed in Appendix 2. The team will normally assess venues on a transaction by transaction basis but typically look to provide Best Execution by finding the best price available for a particular instrument; the best price may only be available on a particular venue, so the aim of Best Execution may dictate the venue for a particular trade. If possible, RM will check this price by investigating the depth of trading in the relevant instrument and the price which is available publicly, through the different venues on which the instrument is available. Additionally, any client may have restrictions on their ability to trade, such as the list of venues on which the relevant client is allowed or wishes to trade. Any restriction on venue may of course affect the ability to deliver Best Execution.

In certain cases (typically due to the financial instrument being traded or the asset class of the transaction), there may only be one execution venue. In executing a trade in these circumstances, RM will try to validate the trading price by all available means but may not be able to obtain the same level of comfort that the price is truly the best available as we would if an instrument was available on multiple venues or otherwise widely traded.

Public market trading venues include:

- Regulated markets and recognised investment exchanges, set out in more detail in Appendix 2;
- Multilateral trading facilities,
- Systematic internalisers. These are firms that execute orders from their clients against their own book or against orders from other clients; and
- Third party investment firms acting as market makers or other liquidity providers. This may include non-EU entities carrying out these functions.

Accordingly, in certain circumstances, RM may trade outside of a regulated market or multilateral trading facility. It will provide on request additional information about the consequences of this means of execution.

A list of the venues on which RM places significant reliance in meeting its obligation to obtain the best result for order execution is set out in Appendix 2. The majority of these venues are used for equities trading only. The variety of venues available does not mean that all instruments are easily available. The trading venues for private market instruments will depend on the instrument concerned.

The RM Clients have given their consent to trading outside regulated markets or multi-lateral trading facilities. In all cases, the general commitment to provide Best Execution will

apply and RM will assess in each case the risk of the relevant trade so that it does not take unreasonable risks with clients' funds.

For strategies which invest in equities, fixed income and derivatives, counterparties are chosen which the RM team believe will be able to access the required venues to provide Best Execution. Counterparties in this sense includes brokers and other intermediaries which can trade financial instruments on RM instructions.

The primary aim in selecting counterparties is that of best execution. RM currently pays commission to brokers for "execution only" services (i.e., payment for their broking activities), but does not believe that these payments affect the ability of brokers to supply Best Execution, nor does it affect the ability to deliver Best Execution to clients. In relation to RM's business, commission paid to counterparties is not materially relevant to asset classes other than equities. RM does not pay or receive any remuneration, discount or non-monetary benefit for routing orders to a particular trading or execution venue which would infringe on its requirements to avoid conflicts of interest or not to pay or receive any inducement which is contrary to clients' best interests.

#### **Client orders and special circumstances**

When trading financial instruments on behalf of the RM Clients, RM will normally use discretion to decide which financial instruments to trade, the size and speed at which it wishes to trade, the venues on which those instruments will be available and how to access those venues. However, RM Clients may instruct RM to execute a specific order or group of orders in a certain way. Depending on the specifics of the order the client has given RM, it may not be able to achieve Best Execution because the order may prevent that. In those circumstances, RM will try to achieve the best possible results whilst following clients' orders.

Additionally, when there are special (market) circumstances at play, RM may deviate from this Order Execution and Allocation Policy. Examples of special circumstances include extreme volatility or disruption in financial markets, disruptions in order systems, power outages or other emergencies that are beyond the control of RM. It is possible that orders will only be partially executed, if at all, during these circumstances. In the case where partial execution occurs, RM will allocate executed trades across its clients' portfolios fairly, by reference to the size of the relevant client's interest in the partially executed trade compared to the original order.

Diversity in markets and the kinds of order that RM carries out on behalf of clients may mean that factors other than price and cost will have to be taken into account for each individual trade. For instance, market volatility or the absence of a regulated market may make the speed at which the team executes a priority. Lack of liquidity (i.e., that a particular instrument is not widely traded or available) may also mean that the ability to assess price is restricted and in certain circumstances there may even only be one price available, which will restrict the ability to validate that price. RM may, on a trade-by-trade basis, execute a transaction through a venue not currently included on the list of venues set out in Appendix 2, or through a new counterparty.

In summary, whilst all reasonable steps will be taken based on business resources to deliver Best Execution, no guarantee can be given that best price will be achieved in each and every individual situation. However, in all cases, RM will do its best to balance all execution factors to achieve the best result, whilst at the same time treating all RM Clients fairly.

### **Monitoring, review and reporting**

RM monitors the execution outcomes it attains. Where appropriate it will correct any deficiencies identified as part of this monitoring. Usually, the monitoring process will focus on the outcomes achieved for the RM Clients and whether these are consistently ensuring the best outcome, depending on the relevant assessment criteria. Most monitoring will be done “real time” by RM, normally with the relevant individual fund manager double checking that the outcome achieved on trading is consistently as good as it could have been, although data will also be reported to a suitable management committee.

RM will review order execution arrangements including venues periodically and adjust this policy as required. In any event, RM will review the Order Execution Policy at least annually or in the event that there is a material change that affects its ability to continue to obtain the best possible results for clients. “Material change” for these purposes will include a significant development which impacts on the choice of execution venues available or where there is a significant change to the operating processes. A significant development could involve the development of a new recognised investment exchange, multilateral trading facility or a significant regulatory change impacting the market environment.

RM has obligations to identify, prevent, manage and monitor conflicts of interest in order to prevent such conflicts from adversely affecting the interests of investors, in alignment with the RM conflict of interest policy. RM strives to ensure that each client is treated fairly, equitably and in a transparent manner.

### **Allocation**

The following describes the allocation policy RM follows to ensure that trading is allocated to the RM Clients in a fair and consistent way.

1. Investment Preferences. All RM Clients will have an opportunity to participate in a transaction if the proposal meets the relevant fund investment parameters.
2. Interest of Clients. RM acts in the best interest of its clients when allocating participations in transactions.
3. Investment Strategy. Investments are made in accordance with the underlying fund investment mandate taking into account all investment restrictions and parameters.
4. Equal allocation. No RM Client receives preferential allocation over another. All RM Clients receive equal allocations up to the relevant fund’s respective limits, pro rata if they are otherwise equal.

### **Mobile phones and record keeping**

RM’s policy is not to allow activities to be carried out using a mobile telephone or mobile handheld electronic communication devices and emails must be recorded. Further, RM may

rely upon an EEA counterparty or broker to record conversations upon their behalf where an undertaking is in place and appropriately documented.

In all other events RM must take reasonable steps to retain all records of deals for a period of at least six (6) months from the date the record was created, and in a medium that allows prompt access, an ability to check whether any corrections, amendments have been made, and in any event in a medium that does not permit any manipulation or alteration of the records. In public market trading, this is normally done via Bloomberg.

**Client consent**

RM will obtain the consent of each RM Client to this policy and on any significant change.

## **Appendix 1**

### **Best Execution procedures by financial instrument**

The arrangements adopted for individual financial instruments are as follows:

#### **Equities**

Equities orders will normally be executed by counterparties, through recognised investment exchanges, multilateral trading facilities.

In achieving Best Execution, RM will consider the reason for the order, the market or venue on which the instrument is available, the size of the order relative to the instrument's availability ("liquidity") and the specific instructions of the portfolio manager responsible for the trade. Price will normally be the determining factor but market impact might mean that orders are executed more slowly than would normally be the case or that we direct our order to a particular counterparty. A fund manager, when placing a deal, communicates their strategy and selects the most appropriate venue. Trading methods will include agency, net, execution-only, programme trading, capital commitment and internal crossing, but this list is not exhaustive.

#### **Fixed Income – government and corporate bonds**

RM will source liquidity in corporate bonds through our executing counterparties. Typically, the team will use "ALLQ" on Bloomberg, or alternative sources, to establish competitive quotes and availability of liquidity. When they trade, if possible, they will look to obtain a reasonable number of quotes to ensure that they are obtaining the best price. Whilst price will normally be the most significant factor in trading, execution speed or the lack of venues or counterparties offering the relevant instrument may mean that investigation into price is not as deep as it might be in other circumstances. For certain corporate bonds RM will also access liquidity through electronic venues such as Tradeweb and MarketAxess.

When executing transactions RM generally executes through an electronic trading platform. Where such platforms are not available or are not considered appropriate due to size or liquidity constraints, voice trading is utilised - however all trades are closed or confirmed via Bloomberg. A minimum of two, usually three, counterparties are normally then selected. However, where there are liquidity constraints and RM believes this might affect the market, only one counterparty may be used.

#### **Exchange-traded Derivatives**

For these instruments, RM will generally consider price and cost to be the most important factors. However other execution factors may be taken into account or, in exceptional circumstances, be considered the principal factor (i.e., the size and nature of the trade may make execution slower or, if speed is essential, price and market impact may mean that the trade is carried out in circumstances where the price of a trade is impacted). The counterparty is selected from an approved list and orders are placed with these

counterparties. All futures orders are placed electronically. The counterparty is selected on the basis of market expertise for that specific asset class and liquidity.

### **Over-the-counter derivatives**

Again, price and cost will be the most important factor by which we consider how RM trade OTC derivatives. However other execution factors may be taken into account or, in exceptional circumstances, be considered the principal factor (i.e., the size and nature of the trade may make execution slower or, if speed is essential, price and market impact may mean that the trade is carried out in circumstances where the price of a trade is impacted). For uncleared over-the-counter derivatives, the counterparties are selected from the approved list of those with ISDAs and RM will then consider the counterparty's expertise in the relevant strategy, potential for post trade costs and fairness of price. Where possible or desirable, a competitive quote or quotes for the relevant trade will be obtained. For cleared over the counter derivatives RM will execute through those counterparties with a CDEA (cleared derivatives execution agreement) in place. Once executed those trades are then 'given up' to our OTC clearer. For 'on venue' over the counter derivatives RM will utilise the Tradeweb and Bloomberg multilateral trading facilities.

In some cases, particularly in relation to derivative trading conducted by RM under a client's ISDA, RM is constrained in the number of counterparties it can trade with. In these cases, its ability to deliver best execution will be restricted depending on the number of counterparties a client has agreed terms with and their suitability for the types of instrument being traded. RM will inform clients where its ability to deliver best execution may be compromised.

### **Foreign Exchange Transactions**

RM instructs foreign exchange (FX) transactions to hedge exposure to different currencies or to allow transactions between currencies to take place. RM will typically do this direct with a banking institution (selected from an approved list) to provide the outcome and based on the price that institution can give for the currency required. FX forwards are increasingly directed through counterparties with which an ISDA contract has been agreed. All trades are electronically traded through an e-trading platform on which a core list of approved counterparties is maintained. Certain FX transactions, such as share class hedging, will be outsourced to the third-party administrator for the relevant fund or portfolio. In these circumstances, the service provided by the third-party administrator will be overseen by RM.

### **Fixed Income – loans**

RM will source liquidity in corporate bonds through our executing counterparties. Typically, RM will use message runs on Bloomberg, or alternative sources, to establish competitive quotes and availability of liquidity. When trading, if possible, RM will look to obtain a reasonable number of quotes to ensure that best price is obtained. Whilst price will normally be the most significant factor in trading, execution speed or the lack of venues or counterparties offering the relevant instrument may mean that investigation into price is not as deep as it might be in other circumstances.



Executing transactions is done via voice or Bloomberg message system with a banking counterpart.

When executing transactions RM generally execute through an electronic trading platform. For benchmark loans a minimum of two, usually three, counterparties are normally then selected. However, where there are liquidity constraints and it is believed this might affect the market, only one counterparty may be used.

### **Direct Property**

When executing transactions in direct property, RM will negotiate the best terms it can with any buyer or seller counterparty. Other data may be used, such as comparable prices to other similar properties in the area and advice from local surveyors and/or lawyers.

### **Asset Lending**

RMFX Ltd T/A Asset Finance Hub ("AFH") is an Appointed Representative and wholly owned subsidiary of RM Capital Markets Ltd ("RM"). Its FCA number is 788017.

AFH is set up to provide finance brokering for regulated and unregulated loan transactions. AFH aims to find loans for businesses and individuals to match their needs. AFH contacts a number of finance providers and match the most suitable lender/s to the borrower. AFH then receives a commission from the lender for this work. AFH does not give advice and merely acts as a broker. This part of the business plays a very small part and is now not actively marketed and so only legacy business remains.

## **Appendix 2**

### **Execution Venues**

RM may use the following venues when obtaining Best Execution. This list is not exhaustive and may change from time to time as venues are accessed differently, or markets or normal process change.

It is open to RM to use venues not referenced on the list below where RM believes it to be necessary to obtain Best Execution. Please note the paragraphs above for more information about choice of venue and the factors (including client restrictions) which are used to select venue. Please also note that each venue may be referenced by various unique identifiers which are periodically monitored.

#### **Equities**

Abu Dhabi Securities Exchange

Athens Stock Exchange

Australian Stock Exchange

BM&F BOVESPA Bombay Stock Exchange

Bolsa de Valores de Columbia

Borsa Italiana

Budapest Stock Exchange

Bursa Malaysia

Colombo Stock Exchange

Egyptian Stock Exchange

Frankfurt Stock Exchange

GreTai Securities Market

Harare Stock Exchange

Hong Kong Stock Exchange

Indonesia Stock Exchange

Irish Stock Exchange

Istanbul Stock Exchange

JSE Securities Exchange

Korea Exchange

Lima Stock Exchange

London Stock Exchange

Madrid Stock Exchange

Mexican Stock Exchange

NASDAQ Stock Market

NASDAQ OMX

Copenhagen Exchange

NASDAQ OMX

Helsinki Exchange

NASDAQ OMX

Stockholm Exchange

National Stock Exchange of India

New York Stock Exchange

New Zealand Exchange

Nigerian Stock Exchange  
NYSE ARCA  
NYSE Amex Equities  
NYSE Euronext Amsterdam  
NYSE Euronext Brussels  
NYSE Euronext Lisbon  
NYSE Euronext Paris  
Oslo Stock Exchange  
Philippines Stock Exchange  
Prague Stock Exchange  
Russian Trading System Stock Exchange  
San Jose Stock Exchange  
Santiago Stock Exchange  
Shanghai Stock Exchange  
Shanghai-Hong Kong Stock Connect  
Shenzhen Stock Exchange  
Singapore Stock Exchange  
SIX Swiss Exchange  
Stock Exchange of Thailand  
Taiwan Stock Exchange  
Tel-Aviv Stock Exchange  
Tokyo Stock Exchange  
Toronto Stock Exchange  
TSX Venture Exchange  
Vienna Stock Exchange  
Warsaw Stock Exchange

### **Fixed Income – government and corporate bonds**

Tradeweb  
Marketaxess

### **Loans**

Through approved counterparties.

### **Exchange-traded Derivatives**

Chicago Mercantile Exchange  
EDX London Eurex Euronext.  
liffe Euronext.  
liffe Bclear  
Hong Kong Exchanges  
Clearing Italian Derivatives Market  
MEFF NYSE Euronext Amsterdam  
NASDAQ OMX Copenhagen

NASDAQ OMX Helsinki  
NASDAQ OMX Stockholm

**Over the Counter Derivatives**

Through approved counterparties

**Foreign Exchange Transactions**

Through approved counterparties

**Direct Property Transactions**

Via the counterparties selling / buying the relevant property