

**treasury**capital  
**fund solutions**

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Best Execution Policy  
February 2018

## Overview

Under the EU Markets in Financial Instruments Directive (MiFID) and COBS 11.2B of the Financial Conduct Authority Handbook, Treasury Capital Fund Solutions (TCFS) is required to take all sufficient steps to obtain the best possible result (or "best execution") when executing orders on behalf of its clients. These rules require firms to put in place an execution policy which sets out how it will obtain best execution for its clients and to provide appropriate information to its clients on its order execution policy.

TCFS is the Authorised Corporate Director (ACD) for various UK collective investment schemes as well as the Management Company (Manco) for a number of Irish regulated investment schemes. The management of these funds, with the exception of TC New Horizon, is delegated to independent asset managers. Please refer to 'Delegated Investment Management' below.

TCFS is the appointed investment manager for the TC New Horizon ICAV and in doing so, we place orders in various asset classes primarily ETFs but also including collective investment schemes, equities and bonds. There are two types of methods of execution, direct execution and indirect execution. For the purposes of our regulatory requirements we carry out this activity with a third party (broker). Our policy and procedures are designed to obtain the best possible execution result, subject to nature of the order, priority upon filling orders and the market in question.

## Delegated fund management

TCFS acts as an ACD and also acts as an Authorised Fund Manager (AFM) / Management Company for Collective Investment Schemes (CIS) in the UK and Ireland. The company currently only operates UCITS schemes. Should in the future CIS be constructed as Non UCITS Retail Schemes (NURS) or Qualified Investor Schemes (QIS), such schemes fall within scope of the Alternative Investment Fund Managers Directive (AIFMD), for which TCFS will act as Alternative Investment Fund Manager (AIFM).

While acting in the above capacity the investment management of the funds is delegated to third party fund managers. Each of these funds will be covered by the individual Investment Manager's own Execution Policy. Before appointing an Investment Manager, TCFS will carry out full investment, operational and regulatory due diligence which will include a review of the prospective Investment Manager's best execution arrangements to ensure it is in line with Legislation and Regulation, TCFS's own requirements and what it considers the best interests of investors. The Investment Manager's activities are closely monitored including an annual review of their Execution Policy.

Where TCFS are required to assume the investment management function in relation to one of our funds due to the retirement, removal or failure of one of our appointed managers, we may be required to undertake discretionary management functions which will fall under the scope of this policy.

## Execution criteria

When dealing in a financial instrument, we will exercise our discretion in assessing the criteria that needs to be taken into account to provide the client with the best possible result ("best execution"), whilst ensuring that all clients are treated fairly.

We will take all sufficient steps to obtain the best result taking into account the following Execution Factors:

1. Price
2. Market impact
3. Costs
4. Order size
5. Certainty of execution
6. Speed of execution
7. Settlement
8. Any other criteria relevant to the execution of the order.

The relative importance of these criteria will be judged on an order by order basis in line with our commercial judgement and experience in light of current market information.

In executing orders, in the absence of any specific instructions, we generally give precedence to the factors that allow us to deliver the best possible result in terms of value (total cost) to the client.

Price and order size will ordinarily merit a high relative importance in obtaining the best possible result. However, in some circumstances, orders, financial instruments or markets, we may appropriately determine that other execution factors are more important than price in obtaining the best possible execution result.

Having assessed the relevant execution criteria and relative importance of the execution factors specific to that order to achieve consistently the best overall result as well as any specific instructions provided, we will select the most appropriate venue(s) from those available and execute the order accordingly.

We will execute an order by one of the following methods or combination of methods:

- On a Regulated Market via a market participant with whom we have entered into an agreement for handling orders for that Regulated Market (a Broker acting as Principal).
- Outside a Regulated Market by executing the order via a market participant (with whom we have entered into an agreement for handling orders) matching orders from another of their clients (an Agency Broker).
- Outside a Regulated Market by executing the order via a market participant (with whom we have entered into an agreement for handling orders). Directly on a Multilateral Trading Facility (MTF).

- Outside a Regulated Market by executing the order on an OTC basis with a Broker as counterparty (with whom we have entered into an agreement for OTC transactions).

### **Brokers / Execution venues**

In selecting the most appropriate broker / venue for the purpose of execution, TCFS will take into account various factors which we believe are relevant to that order. In doing so, we assess what we reasonably believe is the best interest terms of execution.

TCFS will only transact with brokers which are regulated and which have been approved through our governance structure.

TCFS has a process for selecting brokers and no activities are commenced until they pass our due diligence process. The criteria to add to the approved counterparty list is based on a number of factors which may include:

- Quality of financials
- Execution quality
- Service quality,
- Reputation (including regulatory history)
- Operational risk

One important consideration when selecting a venue is that the venue concerned has adequate systems and controls in place to deliver best execution.

We will regularly assess the execution venues and Brokers available and may add or delete venues in accordance with our obligation to provide the best possible execution result on a consistent basis. See Appendix 1 for a list of direct / indirect relationships.

### **Specific client instructions**

Where TCFS contracts directly with a client to provide execution only services, a client will provide us with a specific instruction to deal on their behalf which we will executed in accordance with those instructions and in accordance with the terms of our contractual agreement. TCFS at all times will owe them a duty to provide best execution.

Where the instructions relate to only part of an order, we will continue to apply our Execution Policy to those aspects of the order not covered by specific instructions.

It should be noted that providing specific instructions to us in relation to the execution of a particular order may prevent us from following our Execution Policy which is designed to obtain the best possible result for a client on a consistent basis taking into account the factors outlined above.

Please note that TCFS does not intend on offering an execution only service to clients.

### **Specific financial instrument considerations**

The following instrument considerations are taken into account:

Equities (including exchange-traded funds and warrants) we take into consideration the rationale for the order, order size relative to that available, historic liquidity and any specific instructions i.e. price limits or any other reasonable factors relevant at the time. Whilst price is generally the most important factor, market impact and execution speed may have greater importance. We select a Broker who we believe will achieve the best result for orders of this nature.

For bonds and money market instruments, we take into consideration price, liquidity, market transparency and speed of execution. Whilst price is generally the most important factor, market impact and execution speed may have greater importance. In some markets price volatility may mean timeliness of execution is a priority, whereas in low liquid markets, the act of execution may in itself be best execution. We select a Broker who we believe will achieve the best result for orders of this nature.

Collective Investment Schemes which are not exchange traded will normally be in traded on the secondary market. We will place orders with the relevant administrator of the scheme, who will be considered the execution venue. Such transactions will be executed at an appropriate price based on the net asset value.

### **Top-five venue publication**

TCFS are required to summarise and make public annually for each financial instrument, the top five brokers to whom we transmit orders for execution in terms of trading volumes in the preceding year and information on the quality of execution obtained. This information will be published annually on TCFS website by 30 April each year.

### **Monitoring and review**

TCFS will continue to monitor the effectiveness of its Execution Policy and its execution arrangements to identify and where appropriate, correct any deficiencies. TCFS will periodically review its Execution Policy and should a material change occur we will update this document accordingly.

A summary of our Execution Policy can be found on our website. All clients can request a hard copy of our Execution Policy at any time.

## Appendix One

TCFS may use the following brokers when seeking best execution.

Equities  
Société Générale

Bonds and Money Markets  
Société Générale