

Best Execution



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Introduction

Our Best Execution Policy (the “Policy”) is applicable if you are a client of ours where:

- a. we execute on your behalf deals in respect of financial instruments covered by the Markets in Financial Instruments Directive II (“MiFID II”);
- b. we pass on (i.e. transmit) orders at our discretion or your instruction to another party (such as a broker or custodian (“third party”)) for execution.

Consent

Deemed consent: We are required to obtain your prior consent to the Policy. Our agreement with you contains a provision whereby you are deemed to have consented to this Policy.

Express consent: Orders that may be executed outside a trading venue (Regulated Market, Multilateral Trading Facility (MTF)/Organised Trading Facility (OTF)) or Systematic Internalisers (SI’s) require your express consent before we execute any of your orders on such a basis. In addition, we require your express consent not to make public incomplete ‘limit’ orders (see ‘Client Limit Orders’). You will have been asked to sign and return to us a form of consent regarding these matters.

Policy Accessibility

This Policy is issued in electronic format and is available on our website. If there are any significant changes to the Policy, we will reissue an updated version in the same electronic durable medium.

Best Execution Approach

The overarching requirement of Best Execution under MiFID II is for firms such as MASECO LLP, which is authorised and regulated by the UK Financial Conduct Authority (“FCA”) (trading as “MASECO Private Wealth”, or “MASECO Institutional”, collectively “MASECO”), to obtain the best possible result when placing orders with other firms e.g. custodians, platforms, for the execution of client orders or when transmitting orders on behalf of clients. We are required to take all sufficient steps to obtain the best possible result when carrying out such transactions taking into account a number of execution factors, and on request, to provide a copy of the policy that we have adopted to achieve that objective.

This Policy applies to all clients where we provide a discretionary or advisory management service or where we arrange for another firm to execute an order.

This policy should be read in conjunction with other documents that constitute any agreement with MASECO.

MASECO’s execution model

MASECO executes orders in MiFID II financial instruments on an agency basis. We do not operate as an MTF or OTF or as a SI in any MiFID II financial instruments. We do not run any proprietary trading desks and we do not fill client orders on own account in any MiFID II financial instruments.

Typically, we will arrange for your orders to be transmitted to the custodian or platform services provider selected by you (“platform”) for execution. Therefore, it is the platform’s best execution policy which will apply in respect of the actual execution of the trade.

We review periodically the best execution policy of each platform to ensure that it complies with relevant regulations. For those platforms based in the UK, these policies will be required to meet the criteria for best execution set by the FCA. For those platforms based outside the UK, we will require that their execution policy meets the criteria set by applicable law and regulation which we consider to be reasonably equivalent to the standards established by the FCA.

A list of the execution venues we access are detailed in Appendix 1 of this document.

Execution Factors

When placing orders with platforms for execution or when transmitting orders, we are required to take all sufficient steps to obtain the best possible result for our clients, taking into account the following factors, price, costs, speed, likelihood of execution and settlement, size, nature or any other considerations relevant to the execution of the order. As an overarching approach, we interpret the following terms as set out below:

- **Price:** The executed price achieved when filling a client order.
- **Costs:** The trading costs incurred when executing a client order. As part of our Policy, we do not allow execution costs to influence what venues or brokers with which we trade your orders. Therefore, we have no venue bias based on the cost of the trade. The executed price and likelihood of execution take priority over the costs that are incurred in trading. We will not trade on inferior venues just to save on explicit execution costs. We interpret “cost” to mean the charges levied by the platform or other third parties involved in the execution of a trade.

- **Speed:** The speed in executing a client order. Whilst speed is an important factor for immediately marketable orders, speed will take a lower priority specifically where we have to work an order slowly to limit market impact. This is usually the case for orders in securities that could be illiquid or orders that are over-sized.
- **Likelihood of execution:** The ability to find liquidity and fill a client order. For 'hard to trade' names or for over-sized orders there may be occasions where this factor takes a higher priority and thus 'price' can take a lower ranking. This relationship between likelihood and price will depend on the level of urgency in filling a client order and also whether we have discretion.
- **Likelihood of settlement:** The ability to ensure that the security or cash can be settled into a client's account efficiently. As our best execution approach is to deal via your chosen platform, the ability to settle will be a key factor for the platform.
- **Size:** The number of shares to be bought or sold or value of the order. Where the order is for a large number of shares (either in absolute or relative terms) or the value of the order is material relative to the overall value of the security, we may need to work the order slowly to limit market impact.

Execution Factors – Collective Investment Schemes

Where we buy or sell units or shares in collective investment schemes (such as US Mutual Funds and UCITS Funds), typically these financial instruments are forward priced, i.e. the last disclosed price may not necessarily be the price an individual investor receives, as such the execution factors noted above may not be as relevant. In such instances, MASECO always aims to achieve the next disclosed execution price following a decision to trade.

Orders to buy or sell units or shares in collective investment schemes will typically be executed directly with the relevant fund manager or fund administrator. Structured products will be executed on an over-the-counter basis with the product provider concerned rather than with a centralised market exchange.

Execution Factors - Securities (Equities and Fixed Income)

The price and cost of execution of the order will normally be the most important aspect in obtaining the best possible result. We will therefore assume this is the most important outcome for your transaction unless you tell us otherwise. Custodians/platforms may charge a flat fee or no fee/commission for the execution of each transaction

For equity transactions there will generally be a flat fee per transaction – please see our schedule of fees and charges for details.

For fixed income transactions, generally there will be no fee as the cost to transact will be built into the difference between the buy and sell price (the "spread").

Execution Factors - Foreign Exchange

Your platform will provide Spot FX trading in connection with any non-base currency settlement activities. Whilst Spot FX is not classified as a financial instrument under MiFID II, we are providing you with a trading facility that is ancillary to another instrument or service that is covered by MiFID II. Therefore, we take an approach that has regards to the principles of the best execution principles.

Executing your order

In arranging for the execution of your order:

- We will aim to execute each order fairly and in turn (based on receipt or decision to trade).
- When we execute an order or make a decision to trade for a client, we will typically forward such order to the platform selected by you for execution.
- We may aggregate your order with those of other clients which use the same platform. The platform may, in turn, aggregate our clients' orders with those of the platform's other clients. At times this aggregation either by us or the platform may work to your advantage and others to your disadvantage and may result in you obtaining a less favourable price. Where an order has been aggregated but is not filled on the day of execution, we will allocate the filled order across relevant clients on a pro-rata basis.
- Where we have given you an indicative price in relation to a specific order, we cannot guarantee, due to market fluctuations, that this will be the price at which the order is executed.
- Where a security is priced on a 'forward' basis, i.e. the price may not be known at the time the order is placed, we cannot guarantee the price at which the order is executed.
- When dealing in securities that are not listed on a regulated market, we will contact the relevant platform to check that they are able to deal in the particular security. However, other than collective investment schemes, we do not generally deal in securities that are not listed on a regulated market.

Client Limit Orders

If you have given us a 'limit' order to execute and we are not able to execute it immediately, in accordance with regulatory requirements and unless otherwise specifically instructed by you, any unexecuted part of such limit order will be made public (unless it is 'large in scale'). However, depending on the size of the limit order, relative to the liquidity profile of the security, and the method of trading, it may be suitable not to publish the limit order as a full publication could work against you by having an adverse effect on the price of the financial instrument concerned. Where we have your express consent, we are allowed NOT to publish the limit order and you will have been asked to sign and return to us a form of consent in this regards.

Client Specific Instructions

If you have notified us that price is not the most important factor in executing your instructions, we will make every effort to comply with your instructions but no guarantee can be given. This may be due to either the nature of the order, or the type of financial instrument in which you wish to trade.

We will make all decisions as to where the orders are placed in relation to the platform. We will therefore not accept specific instructions from clients regarding the venue where your order is executed.

Where you give us a specific instruction in relation to the execution of an order to be dealt by us on your behalf, this may prevent us from following this Policy in relation to such order in respect of the elements of execution covered by your instruction. Any such orders will be executed on an Execution Only basis.

Charges

It is our policy that commission and charging structures will not influence either the selection of platform, or the order flow that follows as a result of the execution process.

Monitoring of our Policy

We monitor the effectiveness of this Policy and order execution arrangements and, where appropriate, correct any deficiencies. In particular, this will cover the execution quality of any platform referred to in the Policy.

Any updates to this Policy will be published on our website.

Annual review of our Policy

We will review this Policy and our order execution arrangements on at least an annual basis. We will also carry out a review and re-issue this Policy should a material change occur that may affect our ability to obtain the best possible result on a consistent basis using the execution venues included in this Policy.

Annual publication of execution venues

We will summarise and make public on an annual basis the top five execution venues in terms of our trading volumes for equities / fixed income / exchange traded funds where we executed client orders in the previous 12 months accompanied with information on the quality of execution achieved. The first publication will take place in [April] 2018 and will cover trading for the calendar year 2017.

Staff understanding

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

Appendix 1

Execution Venues:

- AEGON
- American Funds
- Bank Julius Baer & Co Ltd
- Clerical Medical – Scottish Widows
- Credit Suisse
- Fidelity (UK)
- Integrated Financial Arrangements Ltd (Transact)
- Old Mutual International
- Raymond James & Associates Inc (US)
- Raymond James & Associates (UK)
- UBS
- SEB Life
- Skandia
- Vanguard

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