

# Order Execution Policy

Schroder & Co. Ltd

October 2022



## Contents

1. Policy Governance & Overview	2
2. Execution Policy	4
Appendix – Detail of Factors and Venues	9

# 1. Policy Governance & Overview

## 1.1. Executive Summary

We have put in place an Order 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. The Policy (excluding the Policy Governance section) is published on our website and is written for that purpose.

The Policy should be read in conjunction with the Dealing & Order Management Policy as together they constitute the execution arrangements for the firm.

## 1.2. Scope

This Policy applies to all employees and contractors ("Staff") employed by Schroder & Co Limited.

All Staff must comply with the requirements of this Policy and its spirit at all times.

## 1.3. Policy Ownership Details

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<b>Policy Owner:</b>	Gemma Jones
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<b>Committee of oversight:</b>	S&Co ManCo
<b>Review cycle:</b>	Annually

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## 1.4. Document Approval

This Policy document is to be reviewed by the Policy owner annually to ensure that it remains up-to-date and relevant.

Review and Approval Schedule

Version	Approved by: Name / Committee	Written or Updated by	Description of action (changes /approval)	Date of Approval
1.0	Jeremy Turnbull / UK ManCo	Ben Noah	Updated policy to reflect the transfer of clients from Cazenove Capital Management Limited	08/09/2014
2.0	Jeremy Turnbull / UK ManCo	Ben Noah	Annual Review	26/10/2015
3.0	Jeremy Turnbull / UK ManCo	Ben Noah	Annual Review	16/01/2017
4.0	Jeremy Turnbull / UK ManCo	Tom Graves	Update to incorporate the changes introduced by MiFID II	09/04/2018
5.0	Jeremy Turnbull / SCo ManCo	Helen Littler	Annual review	04/06/2019
5.1	Ben Noah/ SCo ManCo	Gemma Jones	Minor update to allow crossing with Compliance approval and change of policy ownership	19/11/2019
6.0	Ben Noah/ SCo ManCo	Gemma Jones and Will Stowell	Annual review and Compliance policy refresh exercise	07/10/2022

### Derogations/Waiver

Derogations must be approved by the Head of Wealth Management Compliance and will be reviewed annually.

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## 2. Order Execution Policy

### Purpose

We have put in place this Order 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.

### Scope

Our Order 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.

This Policy applies when we are executing orders or passing orders to a third party for execution in the following instruments:

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

### 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 that 'best execution' does not apply to FX spot transactions (i.e. an exchange of currencies at the prevailing market rate with standard settlement, as opposed to forward exchanges, which relate to future settlement). Best execution also does not apply to banking and lending transactions such as loans, and certain exclusions apply to physical commodities. We may either execute orders directly or use other Schroder Group entities to act as our agent to execute orders. However, we remain accountable to our clients for ensuring best execution of their orders.

A cross trade is a trade where investments held by one client are traded or 'crossed' to an account held by another client, for example, if the investment is difficult to trade in the open market. When we wish to carry out a cross trade in a listed instrument in the best interests of our clients, we will do so at a price as close to the prevailing market mid-price as possible. Where we are trading in unlisted instruments, such as open ended funds, we will trade at the latest available Net Asset Value ("NAV") for that instrument. Cross trades can meet the objective of best execution because such trades incur minimal fees and have greater certainty of execution. In no circumstances will Cazenove Capital charge the participating Clients any additional fees for cross trades.

It is prohibited to cross listed stock between Clients except through an independent counterparty without prior written consent from the Compliance team (only to be provided in exceptional circumstances). It is also prohibited for staff to cross stock directly between a Client account and any personal or connected account.

Instructions to cross will only be given where the trade is in the best interests of both parties.

In order to address the conflict of interest there must be documented evidence to show how 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 at a price as close as possible to the market mid point for the security. In non-transparent markets (i.e. a market where the price is harder to determine) the transaction must be executed at a price derived, following reasonable inquiry, from independent market data such as reported transactions, independent dealer quotes etc. Sources other than market data should be documented in writing.

Under the Rules of our regulator, 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

In exceptional cases, outstanding or incomplete orders may be carried over from the day the order was placed to the following business day if they have not been fully completed prior to the market's close. Orders for Clients may be carried over for up to five business days in highly exceptional circumstances, such as highly illiquid stocks (i.e. stocks which do not trade very often). Warehousing over a weekend is not permitted. The completed portion of any open trade will be allocated to the client account by close of business on the last working day of the week, of the month, of the quarter, and of the year. The un-completed portion of any such trades will be re-submitted to the market for the next available market session.

## Execution Factors

When trading on behalf of our clients, we will take into consideration a range of different 'execution factors', including:

- The price of the instrument;
- The cost of the transaction;
- The speed of the transaction;
- The likelihood that the transaction being completed and settled;
- The size and nature of the order; and
- any other consideration relevant to the execution of an order.

Please see appendix 1 for further detail by financial instrument type.

## 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. Price and cost are the primary factors in determining best execution for retail clients.

However, in certain circumstances, we may decide that other execution factors listed above may be more important than price and costs in determining the best possible result. For example, where the instrument is particularly hard to buy or sell, we may prioritise the likelihood that the transaction will be completed and settled.

### Your Order

The way in which we receive an order varies. 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 size and likelihood that the order will be completed and settled.

## 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 in very rare circumstances may execute from our own account or we may access other execution venues.

**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, which brings together multiple third party buying and selling interests in financial instruments in a way that results in a contract in accordance with the provisions of MiFID II.

**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 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.

**Systematic 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** - S&Co uses a Schroder Group company to facilitate the execution of Client orders on its behalf. However, S&Co remains accountable at all times for acting in the Client's best interest and for taking all sufficient steps to achieve best execution of client orders. To achieve transaction cost efficiency, we may consolidate our equity dealing for a geographic region within either a single broker or a very small number of brokers, subject to the on-going monitoring of execution quality and periodic review of alternative brokers.

The following list sets out the main brokers used by S&Co through Schroder Group Companies.in alphabetical order. NB: additional brokers may also be used from time to time, where in the best interest of clients.

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

## Selecting an Execution Venue

We carefully select the leading brokers with whom to execute transactions. Broker 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;
- Competitiveness of costs and charges;
- Perceived creditworthiness, reputation and financial stability;
- Access to markets and quality of service (such as responsiveness and promptness of execution);
- Ability to handle less liquid instruments; and
- Provide consistently competitive pricing and liquidity.

Execution fees paid to our brokers solely cover the cost of execution – in particular, we do not have in place any commission arrangements whereby we receive research or other material benefits from brokers in exchange for sending them trade flow (known as 'soft dollar'). We pay for our third party research ourselves under separate agreements.

## Limitations to Best Execution

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 means that there is only one execution venue. Therefore the only pricing consideration is the time of execution.

**Highly Structured and Bespoke Transactions** - When dealing in complex transactions outside of the main market, 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** - In certain circumstances, and subject to having received your express consent, we may trade 'off exchange' (i.e. outside of the stock exchanges) on your behalf. We will do this where we reasonably believe it is in your best interests to do so, for example, the instrument may not be available on the main stock exchanges or the instrument is bespoke to you. In addition, when we deal with leading brokers that act as principal in a transaction (i.e. they are selling the instrument themselves, rather than on behalf of someone else), off exchange trading may occur. Please note that such trading may expose investors to additional risks, including risks relating to liquidity and reliable pricing information. Please see Appendix 1 – Risk Warnings in our Terms of Business for further information.

**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 instructions, subject to the FCA Rules. Where your instructions relate to only part of the order, we will continue to apply this 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.

### **Consent to Non-Publication of Limit Orders**

A limit order is a type of order to purchase or sell a instrument at a specified price or better. Client instructed limit orders 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.

### **Other Information About Our Order Execution Policy**

Structured products and OTC derivatives are often complex and are not readily tradable on the main stock exchanges. Where we execute structured products or OTC derivative orders on behalf of Clients, the best execution obligations may have limited scope. We will always, consider the fairness of the price offered. 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.

For FX (foreign exchange) 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 which are executed by a third party, the currency is bought or sold at the rates provided by the counterparty. We may then apply a margin.

### **Monitoring and Review**

**Monitoring** - S&Co monitors the effectiveness of its order execution arrangements and this Policy to identify and, where appropriate, correct any deficiencies. S&Co 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 S&Co uses other companies in the Schroder Group to execute Client orders as its agent, the relevant Schroder Group company will assist S&Co in performing such monitoring or assessing. S&Co 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 on the occurrence of any material changes to our business or applicable regulation, and any changes reported to the UK Management Committee, which is responsible for overseeing the review.

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

S&Co 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.

**Governance** - S&Co 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 an Best Execution Monitoring Group 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. This Group provides input into the Compliance Monitoring Programme which reports into the UK Management Committee.

**Disclosure** - S&Co 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 this Policy in its Terms of Business and Clients consent to the Policy by signing the Client Information and Appointment Form.

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

# Appendix – Detail of Factors and Venues

## Equities

### 1 Instruments

Equity transactions include:

- Shares (including investment companies);
- American Depositary Receipts;
- International Depositary Receipts;
- Global Depositary Receipts;
- Private Equities

### 2 Execution Factors

We have set out below how we prioritise execution factors when we are carrying out orders on your behalf. Please note, the way in which we prioritise these factors is not fixed as decisions may vary for each order depending on the circumstances. 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 issues such as the size of the order and the market conditions at any given time.

#### Liquid Equities – General Considerations

1. Price
2. Costs
3. Speed
4. Size
5. Likelihood of execution and settlement
6. Any other relevant considerations, including special instructions.

#### Illiquid Equities

The market for illiquid securities is often less transparent and are most effectively executed using a market maker (i.e. a broker who specialises in trading in more illiquid investments). Consideration is given to the most effective market maker.

1. Size
2. Likelihood of execution and settlement
3. Price
4. Costs
5. Speed
6. Any other relevant considerations including special instructions.

#### Illiquid Equities – Private Equity

Private equities may only be available from a very limited number of vendors. 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 sister company 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.

There will be external factors which may impact our ability to use certain execution venues, which would include (but not be limited to local rules and regulations

- if one or more elements of the clearing and settlement cycle are not working;
- Other relevant considerations

We usually try to limit the number of execution venues we use, to obtain better prices and competitive commission rates on behalf of our clients by not fragmenting our order flow.

# Fixed Income

## 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 when we are carrying out orders on your behalf. Please note, the way in which we prioritise these factors is not fixed as decisions may vary for each order depending on the circumstances. 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 issues such as the size of the order and the market conditions at any given time.

### Fixed Income

1. Price
2. Costs
3. Speed
4. Size
5. Likelihood of execution and settlement
6. Any other relevant considerations including special instructions

## 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

# 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 when we are carrying out orders on your behalf. Please note, the way in which we prioritise these factors is not fixed as decisions may vary for each order depending on the circumstances. 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 issues such as the size of the order and the market conditions at any given time.

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. Any other relevant considerations including special instructions

### Products traded with Market Makers

1. Price
2. Size
3. Likelihood of execution and settlement
- 4.
5. Costs
6. Speed
7. Any other relevant considerations including any special instructions

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

# Structured Product Transactions

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## 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 when we are carrying out orders on your behalf. Please note, the way in which we prioritise these factors is not fixed as decisions may vary for each order depending on the circumstances. 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 issues such as the size of the order and the market conditions at any given time.

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. Any other relevant considerations including special instructions

## 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.

# 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)