

Order Execution Policy

(Incorporating order allocation and best execution)

As a firm which is authorised and regulated by the Financial Conduct Authority (“FCA”), IM Asset Management Limited (“the Firm”) is required to establish and implement an Order Execution Policy to ensure it delivers ‘best execution’ to its clients and to provide information to its clients on how it achieves this.

This document sets out details of IM Asset Management Limited’s Order Execution Policy, incorporating requirements around order allocation and best execution (“the Policy”). The Policy should be read in conjunction with your client agreement. Although the Policy itself does not form part of the agreement between you and IM Asset Management Limited, your consent to it is obtained where the Firm is obliged to do so.

1. General Principles

When placing orders in relation to financial instruments on clients’ behalf, IM Asset Management Ltd will take all sufficient steps to achieve what is called “best execution” of the order (please see section 2).

IM Asset Management Ltd’s policies and procedures are designed to ensure the Firm obtains the best possible execution result for its clients. The Firm’s execution counterparties comply with the FCA’s best execution requirements.

2. Delivering Best Execution

The Policy requires that IM Asset Management Ltd considers the following ‘execution factors’ with a view to obtaining the best possible execution result:

- Price;
- Cost of execution (including charges made by third parties involved in the transaction);
- Speed of execution;
- Likelihood of execution and/or settlement (the value of the order may be larger, relative to usual orders in the security, making execution more difficult);
- Liquidity and size of the order;
- Characteristics and nature of the order.

The relative importance of these factors is assessed in terms of the ‘total consideration’ to the client. Total consideration is defined as the price of the financial instrument plus the costs related to execution, including all expenses incurred that are directly related to the execution.

3. Specific Client Instructions

When IM Asset Management Ltd is provided with specific client instructions to deal, these may prevent it in following the Policy, which is designed to obtain the best possible results on a consistent basis taking into account all the execution factors. This means that best execution might not be achieved in the event of specific client instructions.

4. Client Categorisation

FCA rules on client categorisation aim to ensure that clients receive the regulatory protection appropriate to their size and sophistication. Prior to undertaking any marketing, providing any investment advice or undertaking investment business, IM Asset Management must take reasonable steps to categorise clients into one of the three categories below. However, unless otherwise agreed all IM Asset Management clients are categorised as retail clients, which affords clients the highest level of regulatory protection.

Retail clients

Where IM Asset Management Ltd executes an order on behalf of a retail client, best execution must be determined in terms of the total consideration. In the absence of specific client instructions, IM Asset Management Ltd takes into consideration all the factors listed above that will allow it to deliver the best possible execution result. Unless otherwise agreed, IM Asset Management Ltd treats all of its clients as retail clients.

Professional clients, either per se or elective

Price will also be of high relative importance for professional clients in obtaining the best possible result. In some circumstances for some clients/orders/financial instruments/markets, however, it may be that other execution factors, such as likelihood of execution and settlement, are more important than immediate or current price in obtaining the best possible execution result.

Eligible Counterparties, either per se or elective

The best execution requirement, as defined in the FCA's rules, only applies when a firm executes an order for a retail client or a professional client; the requirements do not apply to orders executed for eligible counterparties.

5. Discretionary Portfolio Management

When providing discretionary portfolio management services, IM Asset Management Ltd will execute received orders or decisions to trade on behalf of a client in accordance with the Policy. In cases where IM Asset Management Ltd does not execute orders or decisions to trade on behalf of the client, it will take all sufficient steps to select an execution counterparty which will provide the best possible execution result.

The selection of counterparties is made through a regular evaluation of counterparties' ability to deliver best execution. IM Asset Management Ltd will make sure that all execution counterparties have a suitable policy of best execution. A list of the counterparties used is in section 7 of the Policy. Other counterparties may be used from time to time following a satisfactory assessment confirming they can deliver the best execution.

6. Aggregation and Allocation

The FCA's General Principles require regulated firms to implement procedures and arrangements that provide for the prompt, fair and expeditious execution of clients' orders, relative to other client orders or the trading interests of the Firm.

The Policy provides for the fair allocation of aggregated orders, where a transaction involves orders on behalf of more than one client, including how the volume and price of orders determines allocations and the treatment of partial executions.

IM Asset Management Ltd strives to ensure that all orders are executed promptly, accurately recorded and promptly and accurately allocated. For the purposes of this section, carrying out client orders includes the execution of orders on behalf of clients.

IM Asset Management Ltd does not carry out transactions for its own account and does not undertake to carry out clients' orders in aggregation with another client order unless it has satisfied the following conditions:

- It is unlikely that the aggregation of orders and transactions will work overall to the disadvantage of any client whose order is to be aggregated;
- It has been disclosed to each client whose order is to be aggregated that the effect of aggregation may work to its disadvantage in relation to a particular order; and
- It has established and effectively implemented an order allocation policy.

By aggregating client deals, each client may deal at a higher price than if, say, three clients had dealt consecutively (first client at a favorable price, second client at a less favorable price than the first, third client at a less favorable price than the first and second), but the total price paid for clients in aggregate will be to their overall advantage.

It may be the case that increasing the size of a transaction means the price will be higher. The advantage of doing this, however, is certainty of conducting the deal, especially when market prices are moving.

Where IM Asset Management Ltd aggregates a client order with one or more other orders and the aggregated order is partially executed, IM Asset Management Ltd will allocate the related trades on the following basis:

- If an aggregated order is executed in whole, it is divided according to the average price and allocated to clients in full;
- If an aggregated order can only be executed in part, the part that has been executed will be allocated on a pro rata basis, which means it will be divided in proportion, according to the average price, and allocated across all clients according to each client's original order, subject to minimum allocations.

7. Execution Counterparties

IM Asset Management Ltd will place orders for the following financial instruments through the entities below:

- Investec Bank plc - Equities
- Liberum Capital Limited – Equities
- Shore Capital Stockbrokers Limited – Equities and bonds
- Singer Capital Markets Limited – Equities and bonds
- Calastone Limited – Collectives
- AllFunds Limited – Collectives
- Jane Street Limited – Equities and bonds (via ETFs)

IM Asset Management Ltd has reviewed the best execution policies of the above counterparties and details can be provided on request. The use of these counterparties allows IM Asset Management Ltd to meet the overarching best execution requirement.

Having given consideration to the execution factors, IM Asset Management Ltd will select the most appropriate execution counterparty and execute the order accordingly.

Where specific instructions have been issued by the client, IM Asset Management Ltd will implement these instructions as requested by the client and not in accordance with the Policy. In these cases, IM Asset Management Ltd will be deemed to have complied with the best execution requirements to the extent of that instruction.

8. Monitoring and Review of the policies of the Execution Counterparties

IM Asset Management Ltd will monitor the effectiveness of its order execution arrangements and the Policy. It will assess from time to time whether the venues used by the Firm in pricing its transactions allow it to meet its regulatory obligations on a consistent basis or whether there is the need to make changes to its execution arrangements.

The Firm will also review its order execution arrangements and the Policy in respect of material changes in one of the chosen pricing venues or in the execution counterparties that would affect their ability to continue to meet their regulatory obligations. Should there be any material changes to the order execution arrangements or the Policy; IM Asset Management Ltd will notify its clients.

9. Monitoring and review of the Policy

An overall assessment of the Policy will be carried out at least annually. Consideration will be given to the steps that IM Asset Management Ltd takes to obtaining the best possible result. These will include:

- The use of additional or different execution counterparties;
- Assignment of the relative importance to the best execution factors; and
- Modifying other aspects of the Policy and / or execution arrangements.

On a regular basis, IM Asset Management Ltd monitors particular transactions in order to determine whether the Firm has complied with the Policy and / or execution arrangements.

In addition, the IM Asset Management Ltd Board receives annual reports on the distribution of transactions to different counterparties and the total fees generated and charged by them.

10. Amendments to the Policy

If any material changes occur to the way IM Asset Management Ltd executes orders, clients shall be notified of the new execution arrangements. IM Asset Management Ltd will consider a material change to be an alteration of the best execution factors.