

# Best Execution, Order and Placement Policy

(External Client Facing Version)

DOCUMENT CONTROL

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# 1. Purpose

## 1.1 Introduction

- 1.1.1 The Markets in Financial Instruments Directive ("MiFID") requires Thesis to provide our clients with appropriate information on our Policy for obtaining best execution that we will follow when placing orders with other entities for execution that results from our decision to deal in financial instruments on your behalf.

# 2. Our Obligation

- 2.1 Thesis is obliged to take all sufficient steps to obtain the best possible result for clients when placing an order for execution, taking into account the factors that can affect execution. We also have an obligation to implement procedures which provide for the prompt, fair and expeditious execution of client orders in relation to other client orders.

# 3. Scope

- 3.1 This Policy applies only to those customers that have been classified by Thesis as "Professional Clients" or "Retail Clients", in accordance with the MiFID defined term. This Policy is not applicable to "Eligible Counterparties" or to clients that make their own trading decisions and trade completely at their own discretion.
- 3.2 The policy only applies to trading undertaken in respect of financial instruments in accordance with the MiFID defined term.

# 4. Specific Instructions

- 4.1 Where Thesis is given specific instructions with regards to the execution of an order, we will execute the order in accordance with the specific instructions given. Such instructions may prevent us from taking the steps set out in our policy to obtain the best possible result for the execution of your order in respect of the elements covered by those instructions. Where applicable, other aspects of the order not covered by the specific instruction will be processed in line with our obligations under this policy.
- 4.2 Thesis's interpretation of common type of orders received cover the following;
- 'At Best': an order to buy or sell at the best price available in the market at that time. We will deal at best unless you state otherwise. Where an order is greater than the normal market size of the stock to be traded, the price attained may be outside the bid and ask price.
- 'At Limit': an order to buy (buy limit) or sell (sell limit) at a specified price or better. We use level 1 real time data published by the London Stock Exchange to determine whether your order has been triggered.

## 5. Execution Factors

5.1 The factors which must be accounted for in any best execution determination for the asset classes traded in hierarchical order include:

### 5.1.1 Equities and ETFs

- price, which may include explicit transaction costs, bid-ask spread or net price;
- implicit transaction costs or market impact;
- potential speed of execution;
- likelihood of execution and settlement;
- size and nature of the order;
- price momentum before and during order execution;
- any other considerations relevant to the execution of the order.

### 5.1.2 Debt Instruments

- price, which may include explicit transaction costs, bid-ask spread or net price;
- implicit transaction costs or market impact;
- potential speed of execution;
- likelihood of execution and settlement;
- size and nature of the order;
- implicit transaction costs or market impact;
- price momentum before and during order execution;
- any other considerations relevant to the execution of the order.

### 5.1.3 Structured Products

- likelihood of execution and settlement;
- price, dependant on valuation, if fair value deems it attractive to purchase;
- implicit transaction costs or market impact;
- potential speed of execution;
- size and nature of the order, if more purchases result in a breach of units initially issued;
- price momentum before and during order execution;
- any other considerations relevant to the execution of the order.

5.2 The relative importance of these factors may change depending on the specific order at hand. We must consider these factors in light of:

- Information about market conditions;
- characteristics of the order;
- nature of the financial product;
- characteristics of the client's investment objectives, attitude to risk, etc.;
- characteristics of the potential execution venues.

5.3 Each of these factors will play a part in determining the priority of the execution factors for any specific order. **While price will often have a priority ranking**, the total consideration is a function of the priority given to the other factors.

## 6. The Role of Price

- 6.1 For a retail client, the best possible result will always be determined in terms of the “total consideration”. The total consideration represents:
- The price of the financial instrument; and
  - The costs related to execution, which will include any expenses incurred by you which are directly related to the execution of your order. This can include:
    - Execution venue fees;
    - Clearing and settlement fees; and
    - Any other fees paid to third parties involved in the execution of the order.
- 6.2 Therefore when dealing for you or on your behalf, obtaining the best result in terms of total consideration will ordinarily take precedence over the other execution factors listed in Section 5 above.
- 6.3 However, there may be instances when speed, likelihood of execution and settlement, the size and nature of the order, market impact and any other implicit transaction costs will be more important in executing a trade than the immediate price and cost consideration. Should any of these take primacy in executing a trade, we will deal accordingly, but always aim to achieve the best consideration outcome given those other constraints.

## 7. Outsourcing

- 7.1 Trades in financial instruments such as equities, warrants, exchange traded funds, government and corporate bonds will be routed to our outsourcing partner through our electronic order routing system. This system automatically obtains quotes and places your trade with the outsourcing partner where the best price will be obtained.
- 7.2 The outsourcing partner shall perform the following functions;
- a) Trading in financial instruments, these include equities, warrants, exchange traded funds, government and corporate bonds
  - b) Reporting executed trades to transmitting firms preferred settlement agent
- 7.3 In the event of failure at the outsourcing partner (i.e. temporal disruption to outsourced services) Thesis shall have in place contingencies to ensure continuation service

## 8. Execution Entities

- 8.1 Where we owe a client a Best Execution Obligation, we may place orders for execution using a variety of different entities. These will include ones that we believe will enable us to obtain on a consistent basis the best possible result on behalf of our clients. The nature of the product or instrument that is to be traded as part of an order will determine the individual entities that we may be able to use to execute the order. For specific products we may have access to only one type of entity or only a single entity.
- 8.2 Client orders are executed through the following different types of entities open to TAM Limited listed in [Appendix 1](#).
- 8.3 These entities will have access to the following types of trading venues, including:
- venues having regulated market status under MiFID or classed equivalently in countries outside the EEA;

- trading platforms having Multi-lateral trading facility ("MTF") status and Organised Trading Facilities (OTF) under MiFID II;
- Unit Trust / ICVC operators/Authorised Corporate Directors;
- other OTC sources of liquidity such as:
  - order crossing networks and electronic trading platforms not having regulated market or MTF status under MiFID II;

8.4 By using OTC sources of liquidity we will be executing client orders outside a regulated market or MTF. You may choose not to have us access OTC sources of liquidity, though this may restrict our ability to execute orders in certain types of instrument or product and/or to obtain the best possible result when executing those orders on your behalf.

8.5 Thesis will typically direct a client order to the outsourcing partner registered brokers. Where a directed broker is not an approved broker of the outsourcing partner, the order will be rejected back to the client unless the order can be placed with a broker the outsourcing partner views best placed to execute the trade.

## 9. Client Limit Orders

9.1 Unless a client expressly instructs otherwise, we are required to put on immediate public display all unexecuted limit orders in shares admitted to trading on a regulated market.

9.2 By consenting to this policy you are agreeing to Thesis making public your unexecuted client limit orders.

9.3 Limit orders will be left open for upto a maximum 90days unless advised otherwise if less than 90days.

## 10. Internal Crossing & Derivatives

10.1 Cross trades will not be undertaken by TAM Limited internally, however, such an order will be executed through one of our Approved Execution Venues as per Appendix 1.

10.2 TAM Limited do not currently trade in Derivative products.

## 11. Placement of Orders

11.1 TAM Limited has enlisted an Outsourcing partner which has been selected to place orders, this list can be found in Appendix 1.

11.2 The Approved Outsourcing Partner will enable TAM Limited to discharge its obligation to act in the best interest of the client.

11.3 Orders placed with the Outsourcing Partner will be sent electronically, telephone or chatrooms setup for the purpose of sending execution instructions.

## 12. Monitoring and Reviewing

12.1 Thesis shall have in place a risk management process to enable the measurement, identification and monitoring of risks from outsourcing trading and contribution to the firms risk profile

- 12.2 Thesis shall have in place procedures to address frequency of reporting, techniques and tools to comply with the risk management process ensuring adequacy and effectiveness, level of compliance and deficiencies in the **implementation of the risk management process**

## 13. Monitoring and Reviewing

- 13.1 Thesis will monitor the effectiveness of its order execution arrangements and order execution policy in order to identify and, where appropriate, incorporate any amendments to procedures. We will assess, on a regular basis, whether the execution venues included in the order execution policy provided for the best possible result for its clients or whether it needs to make changes to its execution arrangements.
- 13.2 The order execution arrangements and policy will be reviewed at least annually or whenever a material change occurs.
- 13.3 Thesis' governing bodies and committees shall be provided with the information it needs to play its part in identifying, measuring, managing and controlling risks of regulatory concern. Three factors will be the relevance, reliability and timeliness of that information.

## 14. Disclosure

- 14.1 The Order Execution Policy is provided to clients via the [Thesis website](#). We must obtain the express permission of our clients, and this is reflected within the various agreements.

## Appendix 1: Execution Venues

The List Broker list below identifies the Outsourcing Partner(s) where orders are placed differentiated by asset class. This is consistent with those brokers approved under the Broker Approval & Due Diligence Policy.

### **Equities and ETFs:**

- Northern Trust Securities Limited (NTSL)

### **Fixed Interest:**

- Northern Trust Securities Limited (NTSL)

### **Structured Products**

- Product Provider or 3<sup>rd</sup> party "Supermarket"

### **Collective Investment Schemes:**

- Orders for Collective Investment Scheme units/shares will generally be conducted directly with the fund's administrator/custodian. We will regularly review this arrangement to ensure that it continues to minimise the total consideration for clients and remains consistent with the best possible result requirements.

### **Foreign Exchange:**

- Northern Trust Limited (custodian broking arm)



## Appendix 2: Definitions

Cross Trades are when buy and sell orders for the same stock are offset against each other or occurs when a broker executes both a buy and a sell for the same security from one client account to another where both accounts are managed by the same portfolio manager.

Eligible counterparties (ECPs) are considered to be the most sophisticated investor or capital market participant.

Execution is where the portfolio management firm executes an order directly against an execution venue (e.g. a regulated market, MTF, OTF or SI, including RFQ, use of MarketAxess etc.) or a market maker or other liquidity provider.

Execution venue means a regulated market, an MTF, a systematic internaliser, or a market maker or other liquidity provider or an entity that performs a similar function in a third country to the functions performed by any of the foregoing.

Placement is where the portfolio management firm places an order with another entity for it to execute, such as a broker or group dealing desk.

MiFID II is The Markets in Financial Instruments Directive 2004/39/EC (known as "MiFID") as subsequently amended is a European Union law that provides harmonised regulation for investment services across the 31 member states of the European Economic Area (the 28 EU member states plus Iceland, Norway and Liechtenstein).

Multilateral trading facility (MTF) is a trading system that facilitates the exchange of financial instruments between multiple parties. Multilateral trading facilities allows eligible contract participants to gather and transfer a variety of securities, especially instruments that may not have an official market.

Organised trading Facility (OTF) is a new trading venue introduced by MiFID II, where it is a unilateral system that is not a RM or MTF. Within an OTF, multiple third-party buying and selling interests in bonds, structured finance products, emission allowances or derivatives are able to interact in a way that results in a contract. Equities are not permitted to be traded through an OTF.

Professional clients are considered to possess the experience, knowledge and expertise to make their own investment decisions and assess the risks inherent in their decisions. MiFID recognises certain persons as having these qualifications and automatically classifies them as professional clients.

Retail clients are clients who are not professional clients or eligible counterparties.

Regulated Market (RM) is a multilateral system that is operated or managed by a market operator and that brings together or facilitates the bringing together of multiple third-party buying and selling interests in financial instruments within the system.