

Order Execution Policy

4 Shires Asset Management Limited (“4 Shires”) is required by the Financial Conduct Authority (“FCA”) to take all reasonable effort to obtain “best execution” for its clients. Best execution refers to the way that 4 Shires undertakes investment transactions on behalf of its clients in order to obtain the best outcomes for clients at the point of trade. Best execution may be determined by a number of different “order execution factors”.

4 Shires operates as a discretionary investment manager. It undertakes investment transactions as “agent” on behalf of its clients in its discretionary capacity. As agent, we employ third party brokers to execute trades. We may also directly use a retail service provider (“RSP”), also known as a market maker.

4 Shires’ best execution process will include the careful review of execution entities to ensure that they can meet the order execution factors outlined below.

Order Execution Factors

There are several factors that 4 Shires considers when seeking to obtain best execution for its clients. 4 Shires may prioritise one order execution factor over another when seeking best execution for its client as may be relevant to the particular trade being conducted.

These factors, which apply to trading in equities, investment trusts, bonds, and exchange traded funds (ETFs), and to a limited extent, unit trusts and open ended investment companies (OEICs), are as follows:

- **Price.** This is expected to be the chief determinant of best execution for most trades. 4 Shires will review the prevailing market bid and offer prices for the security, and the “spread”, being the difference between the two. If a satisfactory price is not available through an RSP (this will often be determined by the *size* factor) 4 Shires will engage a third party broker to manage the deal on its behalf. The order may be given as a limit order or market order depending on the liquidity of the underlying security. The price limit may be altered during the day to take account of market fluctuations. The price limit may be within or outside the bid/offer spread depending on the *completion* factor. For unlisted collected investment vehicles, e.g. unit trusts and OEICs, it is only possible to deal via the fund manager, and only one daily price is available.
- **Size.** The size of a trade will impact 4 Shires’ ability to trade. This is also related to the liquidity of the underlying security. If it is not possible to complete within the prevailing market bid and offer price at the size desired, 4 Shires’ may trade outside of this price range if it considers this to be the best outcome for clients, for example if it determines that the partial *completion* of a trade is not in the client’s best interests of its clients.

- **Type of Trade.** A bulk order for multiple clients in the same security will typically be of greater *size* than an order for an individual client. This may make it more difficult to use an RSP directly, and more likely that 4 Shires will engage a third party broker.
- **Speed.** 4 Shires will endeavour to complete orders on a timely basis. In some cases, larger *size* orders may take longer to complete if they are being executed by a third party broker. In such an event, 4 Shires will determine whether an overnight “warehousing” facility is available with any relevant broker(s). In volatile markets, *speed* may become an overriding factor if 4 Shires considers that a better *price* outcome may be achieved.
- **Cost.** 4 Shires considers best execution on *price* to include any relevant dealing costs, including those of third party brokers. We have agreed charging schedules with the third party brokers with whom we have broking relationships with. These range from nil to 7 bps. It may be necessary to incur additional costs to trade effectively in *size*, in which case we will consider this to be the best practicable outcome for the client if their *price* would otherwise be impacted.
- **Completion.** The likelihood of completion of the order will be relevant to the *size* of the order, and the underlying liquidity of the security. 4 Shires recognises that it may not be possible to complete an order at the prevailing market price if the volume traded in the relevant security is low. It may be the case that completing only part of the trade may be detrimental to the subsequent completion of the whole trade at a reasonable *price*.
- **Settlement.** 4 Shires considers the risk to non-settlement of trades to be low as most trades take place on regulated/recognised investment exchanges (“RIEs”) venues (e.g. the London Stock Exchange). Third party brokers may engage counterparties for trading via non-standard venues (e.g. dark pools) at their own discretion. 4 Shires will assess the risk of non-settlement against the other order execution factors when choosing a broker.

4 Shires does not currently trade in derivatives or structured products for clients.

Transaction Record

4 Shires will log the following criteria when placing a transaction.

Deal number	Instruction date	Deal outcome	Dealer
Broker	Buy/Sell	Stock code	Market or limit order
Estimated price	Instruction time	Settlement period	Reason for deal
Suitability	Best execution notes	Further notes	Deal price
Broker commissions paid	Trade time	Trade date	Settlement date
Venue	Account code(s)	Quantity per account	Value traded
4 Shires commissions	Stamp duty	Accrued interest	PTM levy
Original quantity if balancing trade	Currency		

As well as order notes, pre-trade estimates of the trade price will be compared with the actual trade price in order to help determine whether best execution has been achieved.

Execution Venues

4 Shires will normally execute trades on regulated/recognised investment exchanges (“RIEs”), e.g. the London Stock Exchange. In the event of trading in unlisted collective investment schemes (e.g. unit trusts or OEICs), 4 Shires will normally execute trades directly with the fund manager of that fund. Best execution will normally be satisfied by noting the pricing time for funds (usually 12:00 noon) and ensuring trades are promptly submitted (prior to 10am).

4 Shires has relationships with various third party brokers with whom we will place trades. We consider the relevant expertise of brokers in specialist areas when considering engaging a third party broker and the choice of broker.

4 Shires will execute via RSP so long as best outcomes can be achieved with respect to the order execution factors listed above. We may also utilise electronic dealing (e.g. Winner Trader) if appropriate, including direct market access (DMA).

Third Party Brokers

The top 5 third party brokers by volume (based on cumulative trade value)¹ used by 4 Shires are:

- Jarvis Investment Management Limited
- Cenkos Securities plc
- Panmure Gordon & Co
- Winterflood Securities Limited
- Numis Securities Limited

We will publish annually a list of trade volumes issued to each broker.

Order Aggregation

It is normally expected that 4 Shires will aggregate multiple client orders together into a single transaction “bulk transaction” in order to place a trade where we are intending to trade in the same security for multiple clients. Whilst we acknowledge that this may cause a greater *size* order (see Type of Trade execution factor), that may disadvantage a client who would otherwise deal in a smaller trade size, we consider that it is not in the spirit of treating customers fairly to preferentially trade for one client ahead of another as this could subsequently affect the trade price of the security for clients who trade later than others.

In the event that a bulk transaction is not completed, the completed number of shares will be allocated pro-rata in accordance with the original quantity.

¹ As at the date of writing, 27/6/19, based on the last 12 months historical data.

Monitoring and Review

4 Shires will monitor compliance with its order execution policy by:

- Reviewing the efficacy of third party brokers' execution in line with this policy;
- Reviewing statistics between pre-trade estimated trade prices with actual trade prices achieved;
- Regular trading of 4 Shires' own dealers.

4 Shires will also regularly review this policy in order to ensure best practice for obtaining best execution.

The review will take place on at least an annual basis and the results will be published on 4 Shires' website (www.4-shires.com).

Client Declaration

By becoming a client of 4 Shires you are deemed to consent to this order execution policy unless you specify otherwise.

If you provide us with specific dealing instructions, this may prevent us from following some or all of the steps outlined in this order execution policy. We will nevertheless attempt to achieve best execution in line with your specified parameters.

About 4 Shires Asset Management

4 Shires Asset Management Limited is authorised and regulated by the Financial Conduct Authority (FCA no: 557959). Our registered office is Shires House, School Lane, Gillingham, Dorset, SP8 4QW (Company no: 07657527).