

# Veritas Investment Management LLP

## Order Execution and Dealing Policy

### 1. Introduction

#### **Who does this policy apply to?**

This policy applies to both Retail and Professional clients.

#### **What is the purpose of this policy?**

Best Execution is a regulatory requirement and this document sets out the arrangements that Veritas Investment Management (“VIM”) has established to take sufficient steps to obtain the best possible result for its clients when transmitting orders for execution.

VIM is a discretionary investment manager and outsources its dealing activity. VIM does not execute client orders itself.

VIM utilises a custody and administration outsourced service by agreement with SEI Investments (Europe) Limited and SEI Investments (Guernsey) Limited (“SEI”). Under this agreement VIM uses the SEI Wealth Platform (“SWP”) to construct and input its clients’ orders.

### 2. Routing and Handling of Orders - SEI

#### **How is a trade routed?**

VIM creates and communicates order instructions to SEI via SWP. SEI then routes these instructions, either electronically (straight-through processing) or manually, depending on the connectivity with the broker/sub-custodian and the nature of the order. Specifically, SEI routes Equity, Bond, Exchange Traded Products (“ETP”) and Investment Trust orders to Winterflood Business Services (“WBS”). SEI routes orders for any Collective Investment Schemes (“CIS”), such as OEICs or Unit Trusts, to the applicable fund manager and/or transfer agent via its platform network.

When carrying out order instructions on behalf of clients, VIM is responsible for ensuring that all trades are carried out promptly. In its capacity as order router on VIM’s behalf (VIM being a Professional client of SEI), SEI monitors speed, timeliness and certainty of trade execution and settlement. It does not consider any other factors or related execution criteria with respect to said orders.

SEI routes all CIS orders to the applicable fund manager and /or transfer agent in the order they were received to ensure execution at the next relevant valuation point. Similarly, SEI routes all orders to be executed by WBS in the order they were received and WBS executes all orders in the order they were received by WBS. Once executed all trades are promptly and accurately recorded and allocated by SEI.

In instances where an order is undertaken on the specific instruction of a client, VIM will inform the client as soon as possible if any difficulty is experienced in executing the order.

SEI takes sufficient steps to obtain the best possible result when following VIM’s Instructions, to monitor its order handling and the trade execution, to ensure that VIM’s best interests are maintained and that orders are routed in a prompt, fair and expeditious manner.

### 3. Aggregation and Allocation

Some orders are aggregated where VIM believes that such action will be to the advantage of the clients concerned, an example being where the size of the order is substantial compared with the normal market size. VIM will not aggregate orders if it believes this will disadvantage clients, but the impact of aggregation may in some instances disadvantage clients. When an order is aggregated the subsequent allocation will be on a pro-rata basis to ensure that no client receives preference over another. However, it is possible that instances will arise where such allocation is not possible. An example of this would be where the pro-rata allocation would mean a client doesn’t receive an allocation that meets

minimum holding/trading requirements which would mean that the positions are reallocated pro-rata to those clients that do meet the minimum holding/trading requirement.

## 4. Best Execution – WBS

WBS is a service division of Winterflood Securities Limited which is wholly owned by Close Brothers Group PLC. WBS has been appointed as VIM's approved broker.

The following provides an outline of WBS's arrangements for executing VIM's orders to help you understand the trading process it follows.

### How does WBS achieve Best Execution?

When WBS receives Instructions to place a trade, WBS will take a number of steps depending upon the type of Instruction VIM has transmitted.

### Equity, Bond, ETP and Investment Trust Instructions Traded in the UK

For these orders, WBS will use its technology to assess the prices provided by a number of Retail Service Providers (RSP) and Market Makers that it has selected. Typically, it will then execute the trade electronically with the provider which offers WBS the most competitive price, with consideration also given to the other factors laid out below.

### Equity, Bond, ETP and Investment Trust Instructions Traded Internationally

For these orders, WBS will execute the trade with its internal market making business or a third-party broker where appropriate. VIM's order will typically be executed electronically using WBS's automated technology. Where WBS executes with its internal market making business, it has negotiated competitive pricing to ensure that VIM's order is executed at the same price or better than the standard price available to the market.

### Specific Instructions

Where VIM gives WBS a specific Instruction, WBS is obliged to follow that Instruction and thus may not be able to follow its usual process to achieve best execution. However, if the specific Instruction only relates to part of the order, WBS will follow its usual process for the other parts of the order.

### What are the key factors WBS considers when executing a Trade?

WBS has put a number of arrangements in place to ensure that it can meet its obligations to VIM when executing orders.

### Factors WBS considers

When WBS is determining the approach to achieve best execution, it will consider the following factors. These are listed in the order of priority for a typical trade.

- Price and cost
- Likelihood of execution
- Likelihood of settlement
- Size and nature of the Instruction
- Speed of execution
- Market impact

When executing a trade, WBS does not only consider these factors in isolation, but also considers the trade-off and interplay between them. How long will it take to Execute VIM's

### Instruction? Speed of Execution

WBS's execution process is designed to ensure VIM's orders are executed as quickly as possible using its automated technology. This typically occurs within a few seconds. In some instances, WBS may not be able to execute VIM's order through its automated technology. This may be due to a number of issues, such as the size of the order or the frequency with which the security is traded. In these scenarios WBS will contact Market Makers to execute VIM's order manually.

### Trade sequence

All orders are executed in the order in which they are received by WBS.

### **How do Client Instructions impact Best Execution?**

Where you give us specific Instructions with regard to the execution of an order, we will transmit the order for execution in accordance with those specific Instructions. If your Instructions relate to only part of the order, we will continue to apply this order execution policy to those aspects of the order not covered by your specific Instructions. You should be aware that providing specific Instructions to us in relation to a particular order may prevent us from obtaining the best possible result in respect of the elements covered by the Instructions.

## **5. Periodic Review, Monitoring & Information to Clients - VIM**

### **How frequent are VIM's periodic reviews?**

VIM reviews this Order Execution and Dealing Policy ("the Policy") at least annually. Such a review will also be carried out whenever a material change occurs.

### **What does VIM monitor in respect of the order execution arrangements?**

VIM monitors the effectiveness of this Policy to identify and, where appropriate, correct any deficiencies. Specifically, VIM assesses whether the execution venues employed and included in this policy provide the best possible result for its clients or whether it needs to make changes to its execution arrangements.

If any material changes occur to this Policy, an updated Policy is made available on the firm's website [www.veritasinvestment.co.uk](http://www.veritasinvestment.co.uk).

### **What information is available to clients and is this readily available?**

Information is available to clients on our website at [www.veritasinvestment.co.uk](http://www.veritasinvestment.co.uk).

We will make the following pieces of information available to clients:

- A list of execution venues on which VIM places significant reliance by financial instrument type and client type;
- A list of factors used to select an execution venue including the factors leading to the selection and how these are used to obtain the best possible result for the client;
- Where a client requests information about VIM's policies or arrangements, VIM shall make relevant policies available to clients.

### **What are the charges for dealing?**

Costs associated with dealing may include, but are not limited to, trade execution, stamp duty and any local market charges. These will be added to the cost or deducted from the proceeds of each transaction. These charges are itemised on your valuation schedule and on your contract notes (if you have elected to receive these).

There are no execution charges for Collective Investment Schemes.

WBS's order execution charges are as follows:

UK securities	0.05% per deal
International securities (excluding Asia)	0.07% per deal
Asian securities	0.12% per deal

Minimum execution fees apply and these are charged in the trade currency. These are detailed in Section 6 below.

### **Where can this Policy be found?**

This order execution policy is provided as part of our client-on-boarding process, is available on our website [www.veritasinvestment.co.uk](http://www.veritasinvestment.co.uk) and is also available on request.

## 6. Glossary of Terms

**Bond** – A debt instrument where an investor loans money to a company for a fixed period of time.

**Collective Investment Scheme** – An investment which is made up of a pool of funds from many investors for the purpose of investing. This includes open ended investment companies (OEIC) and unit trusts.

**Equity** – A share in a company.

**Exchange Traded Products (ETP)** – A derivatively-priced product, where the value is derived from another investment such as a commodity, currency, share price or interest rate.

**Execution** – Placing a trade with a **Market Maker or RSP**.

**Execution Venue** – A **Regulated Market, Market Maker or MTF**.

**Instruction** – An instruction from VIM to SEI and/or WBS to execute a **Trade**.

**Investment Trust** – A closed-ended company who invest shareholders' funds.

**Market Maker** – Firms who are members of the London Stock Exchange and buy/sell **Equities** and **Bonds** at agreed prices.

**MTF** – A Multilateral Trading Facility is a trading venue operated by an investment firm which bring together buyers and sellers of financial instruments.

**Provider** – A **Market Maker or RSP**.

**Regulated Market** – A trading venue operated by a recognised market operator (e.g. the London Stock Exchange) which bring together buyers and sellers of financial instruments.

**Retail Service Provider (RSP) – Market Makers** who receive Instructions to trade electronically in UK securities.

**Trade** – An agreement to purchase/sell at an agreed price.

## 7. WBS's Order Execution Charges

The following table sets out the dealing charges levied by WBS for order execution in various locations and the related minimum charges that apply by location.

Note that the minimums are stated in the local currency.

REGIONS COVERED (MARKETS)	% CHARGE	MINIMUM CHARGE (LOCAL CURRENCY)
AUSTRALIA	0.12	25
CHANNEL ISLANDS (UK/EURO/USD)	0.05	5
FINLAND	0.07	10
FRANCE	0.07	10
GERMANY	0.07	10
HONG KONG	0.12	150
ITALY	0.07	10
JAPAN	0.12	2,200

<b>LUXEMBOURG</b>	0.07	10
<b>NETHERLANDS</b>	0.07	10
<b>NORWAY</b>	0.07	90
<b>SINGAPORE</b>	0.12	25
<b>SPAIN</b>	0.07	10
<b>SWEDEN</b>	0.07	90
<b>SWITZERLAND</b>	0.07	10
<b>UK</b>	0.05	5
<b>UK (NON GBP) – E.G. CDI</b>	0.07	7
<b>USD</b>	0.07	11.5
<b>CAD</b>	0.07	15