

DEVON

Equity Management

**Devon Equity
Management Limited**

Best Execution and Order Handling
Policy

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Document Governance

Document owner

Name	Role
Richard Pavry	Chief Executive Officer, Chief Compliance Officer and Money Laundering Reporting Officer

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1. Introduction

This document outlines how Devon Equity Management Limited (“Devon”) seeks to achieve the best possible result (“best execution”) for clients when executing trades in financial instruments on behalf of clients. This is a requirement under Markets in Financial Instruments Directive II (“MIFID II”).

2. Background

Devon seeks to ensure, when executing orders on behalf of clients, that all sufficient steps are taken to obtain the best possible result taking into account: price, cost(s), speed, likelihood of execution and settlement, size or any other factor considered relevant to the execution. In doing so, Devon does not guarantee optimal execution for its clients in all trading instances and eventualities. Devon actively seeks to ensure its execution arrangements and processes operate as intended and appropriate remedial actions are taken if any deficiencies are identified.

In determining the applicability of the factors discussed above, the following criteria are considered:

- a. market information;
- b. the details Devon holds about their client;
- c. the nature of the transaction (including the specific financial instrument and the markets that the specific financial instruments);
- d. any restrictions that may exist on the client account as to where the trades can be executed; and
- e. the total consideration to the client of the transaction after all fees and commissions have been taken into account;

Total consideration is defined as the “sum of the price and the costs incurred by clients” and represents “the price of the financial instrument and the costs relating to execution” including “all expenses incurred by the client which are directly relating to the execution of the order, including execution venue fees, clearing and settlement fees and any other fees paid to third parties involved in the execution of the order”.

Factors are assessed on a case by case basis and may vary. For example, in fast moving markets - particularly for large orders - the way Devon would seek to achieve best total cost / revenue may involve giving the order to a Broker who Devon believes can execute the entire order in a timely manner, even if part of the order could be filled at a more advantageous price from another Broker.

Complying with best execution requirements is the responsibility of the front office. Compliance are responsible for monitoring the requirements are being met.

3. Where Devon executes

Devon is not a member of any trading venues. All orders are passed to a Broker for execution. Devon will, on an annual basis, undertake a formal review of its Brokers to ensure best execution is being achieved. Execution factors will be considered in addition to any fees associated with the transaction. This is in addition to performing ongoing best execution monitoring, the results of which are discussed at the Investment Committee.

The Broker may opt to execute the order on a trading venue or off venue to provide the best result for the client. Below both scenarios are explained and the rationale for both detailed.

a. Execution of trading venues

Trading venues are defined as regulated markets, multilateral trading facilities (“MTFs”) or organised trading facilities (“OTFs”). Devon regularly assess the execution venues available and may add or delete venues in accordance with the overall objective. If the client has instructed Devon to use a particular venue (and Devon has accepted that instruction), the transaction will be executed on the venue of the client’s choice. Devon will issue instructions to executing brokers where the firm deems such instructions to be appropriate. In other cases Devon will leave the decision as to the most appropriate venue to the executing broker. Unless otherwise instructed, whilst adhering to this policy, Devon shall have complete discretion as to the choice of venues including trading outside a trading venue if they believe that trading in that way is likely to achieve the overall objective.

b. Execution outside of regulated markets, multi-lateral trading facilities and organised trading facilities (each a trading venue)

Unless instructed otherwise, where Devon consider it to be in the client’s best interests, Devon will allow the brokers to whom they pass execution instructions to trade outside of regulated markets, multi-lateral trading facilities and organised trading facilities.

4. How Devon executes

In all instances Devon has discretion as to where the order is executed. A centralised list of approved brokers is maintained and monitoring on an ongoing basis. Devon seek to ensure the firm has strong relationships with counterparties, to support the aim of maximising execution quality in terms of total consideration.

Devon is not a member of any trading venues. For financial instrument that are traded on an exchange (e.g. shares in companies), Devon will pass the order relating to the client’s account to a broker for execution. In the case of a Broker in the European Economic Area or Switzerland, they will have their own best execution policy to be responsible for achieving best execution for their clients. Devon’s selection of a Broker is always based upon the execution factors.

For quote driven markets (e.g. foreign exchange and OTC derivatives) and for overseas markets, the firm that Devon passes the order to may not be under a best execution obligation as, historically, those markets’ firms operate as principal (i.e. taking the position onto their own book) rather than as agent. Devon’s selection of broker in this case will reflect the fact that the broker is not under their own best execution obligation and, therefore, the level of monitoring that Devon will apply is more extensive than in cases where the broker is under such an obligation.

In all cases Devon will act in the client’s best interests when passing orders to other entities for execution.

Devon permits the crossing of trades when this is in the best interests of the client. In all instances, this must be facilitated through a third-party Broker.

Specific client instructions

If the client provides Devon with a specific dealing instruction, it may prevent Devon from following their internal Best Execution policy. However, under FCA rules, Devon will be deemed to have complied with the best execution requirement to the extent of that instruction.

Order Execution Timing

Orders will be executed in a prompt, fair and expeditious manner wherever possible. If an order is of a large size or Devon wishes to try to achieve an average price over a time period, the order may be split into sub-orders before being passed for execution.

Unless Devon has combined an order, client orders will be carried out sequentially unless the characteristics of the order or prevailing market conditions require otherwise.

Clients will be informed of any difficulty in the prompt execution of orders.

Order Aggregation

Devon may combine (or 'aggregate') an order for their clients with orders of other clients. Devon would only aggregate a client order if it was unlikely to work to the overall disadvantage of the client. However, the effect of aggregation may on some occasions work to the client's disadvantage and may on occasions result in our clients obtaining a worse price than if their order was executed separately.

Allocation of aggregated orders

Any orders that are aggregated will be allocated accordingly to achieve a fair result for all clients. Allocation is pro-rata on all occasions unless it is not economically viable. Where permitted by the rule of the relevant trading venue, all clients will be allocated the same price. The allocation process will be monitored on an ongoing basis to ensure it is operating effectively for all clients impacted.

5. Monitoring of best execution

Devon monitors both compliance with its Best Execution Policy, and the quality of execution of third parties to whom Devon has passed orders on an ongoing basis. Monitoring is comprised of both real time monitoring and Broker reviews.

a. Real time monitoring

Devon utilises Bloomberg BTCA to undertake best execution monitoring. Trades requiring investigation (i.e. those outside of set tolerance levels) are automatically flagged and independently reviewed by both front office and Compliance. In addition, on an at least quarterly basis, a proportion of trades will be independently reviewed by Compliance. Summary reports on execution quality will be presented to both the Devon Investment and Oversight Committees on a regular basis.

b. Broker Reports

Brokers are required to send Devon summary reports that summarise their execution quality on a quarterly basis. These are reviewed by both Compliance and Front Office to ensure oversight of their execution quality on a consistent basis. Any significant issues will be discussed with the brokers and remedial actions agreed where necessary.

Broker reports from the previous period will be assessed as part of the annual review process. Brokers who do not provide the required execution quality on a consistent basis will be flagged and considered for removal from the approved broker list. Consideration will also be given to onboarding new brokers where Devon believes best execution could be improved on a consistent basis.

c. Oversight

Best execution remains the responsibility of the investment and dealing teams. Additional oversight will be provided by Compliance. The results of any monitoring or surveillance will be documented. Any issues identified will be escalated to the Chief Compliance Officer and the Oversight Committee as appropriate.

6. Best execution reporting

As required by MiFID II, Devon will report the below on an annual basis:

- i. The top five execution venues in terms of trading venues for client orders, for each class of financial instrument in the preceding year. This will cover:
 - a. class of financial instrument;
 - b. venue name and identifier;
 - c. volume of client orders executed on that execution venue expressed as a percentage of total executed volume;
 - d. number of client orders executed on that execution venue expressed as a percentage of total executed orders; and
 - e. confirmation of whether Devon has executed an average of less than one trade per business day in the previous year in that class of financial instrument
- ii. A summary of the analysis and conclusions drawn together with detailed monitoring of trade quality (obtained from the execution venue where Devon executed client orders in the preceding year). This will cover:
 - a. an explanation of the relative importance Devon gave to the execution factors of price, cost, speed, likelihood of execution or any other consideration including qualitative factors when making assessments of the quality of execution;
 - b. a description of any close links, conflicts of interest and common ownerships with respect to any execution venues used to execute orders;
 - c. a description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received;
 - d. an explanation of the factors that led to any change of the approved execution venues;
 - e. an explanation of how Devon has used any data or tools relating to the quality of execution; and
 - f. An explanation of how Devon used the output of a consolidated tape provider (if application)

These will be reported on Devon's website www.devonem.com

7. Client requests for information

Upon a reasonable request from a client, Devon shall provide information to demonstrate that client orders were executed in accordance with Devon's Best Execution policy. Information regarding Devon policies will be provided within a reasonable time.

Devon will notify clients with whom they have an ongoing client relationship of any material changes to their policy. A material change is defined as a significant event that could impact parameters of best execution (e.g. cost, price, speed, likelihood of execution or any other consideration relevant to the order).

8. Exceptional circumstances

Due to system failures, market disruption, or any other reasons beyond Devon's reasonable control, Devon may execute orders in a manner that differs from the processes outlined in this policy. In such an event, Devon will still endeavour to place / execute orders on the best terms available in the given circumstances.

9. Further information

If you would like any further information about Devon's best execution policy, please contact the firm's Chief Compliance Officer.

10. Definition

Term	Definition
Financial Instruments	<p>Those instruments specified in Section C of Annex I of MiFID II specifically:</p> <ul style="list-style-type: none"> • Transferable securities • Money-market instruments • Units in collective investment undertakings • Options, futures, swaps, forward rate agreements and any other derivative contracts relating to securities, currencies, interest rates or yields, emission allowances or other derivatives instruments, financial indices or financial measures which may be settled physically or in cash • Options, futures, swaps, forwards and any other derivative contracts relating to commodities that must be settled in cash or may be settled in cash at the option of one of the parties other than by reason of default or other termination event • Options, futures, swaps, and any other derivative contract relating to commodities that can be physically settled provided that they are traded on a regulated market, a MTF, or an OTF, except for wholesale energy products traded on an OTF that must be physically settled • Options, futures, swaps, forwards and any other derivative contracts relating to commodities, that can be physically settled not otherwise mentioned in point 6 of this Section and not being for commercial purposes, which have the characteristics of other derivative financial instruments • Derivative instruments for the transfer of credit risk • Financial contracts for differences • Options, futures, swaps, forward rate agreements and any other derivative contracts relating to climatic variables, freight rates or inflation rates or other official economic statistics that must be settled in cash or may be settled in cash at the option of one of the parties other than by reason of default or other termination event, as well as any other derivative contracts relating to assets, rights, obligations, indices and measures not otherwise mentioned in this Section, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are traded on a regulated market, OTF, or an MTF • Emission allowances
Multilateral Trading Facility (“MTF”)	A multilateral system, operated by an investment firm or a market operator, which brings together multiple third-party buying and selling interests in financial instruments – in the system and in accordance with non-discretionary rules.
Organised Trading Facility (“OTF”)	A multilateral system which is not a regulated market or an MTF and in which multiple third-party buying and selling interests in bonds, structured finance products, emission allowances or derivatives are able to interact in the system in a way that results in a contract.
Systematic	An investment firm which, on an organised, frequent systematic and substantial basis, deals on own account when executing client orders

Internaliser (“SI”)	Outside a regulated market, an MTF or an OTF without operating a multilateral system.
Trading Venue	A regulated market, a multilateral trading facility (“MTF”) or an organised trading facility (“OTF”).