

# Best Execution and Client Order Handling Policy

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## Introduction and Purpose

Optimus is required to act honestly, fairly and professionally in accordance with the best interest of clients when providing investment services. This is predominately set out in MiFID II, MiFIR and in the FCA's Handbook.

The Best Execution and Client Order Handling Policy sets out how Optimus will ensure that all sufficient steps are taken to obtain best possible result for all clients and that their orders are handled in a fair, just and timely manner.

## Definition

Best execution is the obligation on a firm to take all sufficient steps to obtain the best possible result when executing client orders or placing orders with other entities to execute. There are a number of execution factors to consider when delivering best execution including price, cost, speed, likelihood of execution and settlement, size and nature of the order.

## Application

This Best Execution and Client Order Handling Policy applies to Optimus when executing client orders or placing orders with (or transmitting orders to) other entities for execution.

This Best Execution and Client Order Handling Policy applies to all financial instruments for which Optimus carries out orders on behalf of its clients. The Best Execution and Order Handling policy will not apply to the extent Optimus follows specific instructions from a client when executing client orders or placing an order with, or transmitting an order to, another entity for execution.

## Policy – Best Execution

### General Obligation

The best execution obligation requires Optimus to 'take all sufficient steps to achieve the best possible result on a consistent basis' rather than in every case. In practice, Optimus has implemented improved Best Execution mechanisms, including:

- ensuring this policy is designed with the intended outcomes in mind;
- strengthened front-office accountability;
- strengthened systems and controls and detection capabilities to identify any potential deficiencies; and
- monitoring of the execution quality obtained as well as the quality and appropriateness of the execution arrangements.

Please note that specific instructions from a client may prevent the firm from achieving best execution in line with this policy.

### **Execution Factors**

Optimus will assess best execution by taking into account the “execution factors” which include price, costs, speed, likelihood of execution and settlement, order size, execution reliability of executing broker, nature or any other consideration relevant to the execution of the order. Please see Appendix 2.

Optimus will exercise judgement in the best interests of its clients given their different needs and requirements and is required to take into account several criteria to determine the relative importance of the execution factors:

- the characteristics of the client, including the categorisation of the client as retail or professional;
- the characteristics of the client order;
- the characteristics of the financial instruments that are the subject of that order; and
- the characteristics of the execution venues to which that order can be directed.

Optimus is responsible for assessing the relative importance of the execution factors in light of these criteria and the process by which it determines the relative importance of those factors. This may result in a range of different permissible approaches to executing client orders based on each financial instrument we trade.

When carrying out orders for retail clients, the best possible result shall be determined in terms of total consideration, representing the price of the financial instrument and costs relating to execution.

### **Deciding Execution Venues**

Optimus is obliged to ensure that Brokers included in this policy are the ones who will assist the firm in complying with its best execution obligations (by delivering the best possible result) and that orders are passed to those Brokers in accordance with the policy.

In choosing the Execution Venues for a particular instrument class, Optimus has taken care to select those Execution Venues that, in the firm’s view, will enable it to obtain on a consistent basis the best possible results for its clients.

### **Brokers and Execution Venues**

A list of approved brokers and execution venues is kept by Optimus and is reviewed, at least annually, or whenever a material change occurs that affects the ability to continue to obtain the best possible result for clients. Appendix 1 currently identifies, in respect of each class of instrument traded, the execution venues and entities with which orders are placed or to which Optimus transmits orders for execution. The following outlines Optimus’s approach to selecting counterparties. Generally Optimus does not invite its clients to choose an execution venue. The firm will maintain a separate register listing the brokers used which can be provided upon reasonable request.

## **Placing Orders with Brokers**

In choosing a broker from the approved list, Optimus has taken care to select those Brokers that, in Optimus's view, consistently provide a high quality execution service in relation to that type of investment instrument. Where Optimus places an order with a Broker, Optimus is not responsible for controlling or influencing the arrangements made by the Broker relating to the execution of that order (e.g. Optimus does not control the Broker's choice of execution venues, such as exchanges, multilateral trading facilities or internal dealing facilities). Optimus is not required to duplicate the efforts of the Broker to whom an order is passed in ensuring the best possible result.

## **Direct Execution of Decisions to Deal**

In the case of transactions that Optimus itself executes directly on behalf of clients, the Execution Venues on or with which it executes those transactions. The Execution Venues identified must at least include those that enable Optimus to obtain on a consistent basis the best possible result for the execution of client orders.

Where Optimus is dealing with brokers on a request for quote basis, and orders are not placed with the broker for execution, then the counterparty is classified as an "Execution Venue".

## **Executing/Placing Orders with Execution venues/Brokers that are not on the approved list**

Optimus's employees must not place orders with a Broker that has not been approved unless there are exceptional circumstances. Any execution of a transaction with an Execution Venue or placing of an order with a Broker that falls outside the approved list must be pre-approved by a member of senior management.

## **Best Execution Considerations for Each Instrument Class**

Optimus's assessment of the relative importance of the execution factors in relation to decisions to deal in each Instrument Class is detailed in the table Appendix 1. This policy differentiates between each of the separate categories of financial instrument where Optimus's clients invest.

## **OTC products**

When executing orders or taking decision to deal in OTC products including bespoke products, Optimus will check the fairness of the price proposed, by gathering market data used in the estimation of the price of such product and, where possible, by comparing with similar or comparable products.

## **Inducements**

Optimus shall not structure or charge its commissions in such a way as to discriminate unfairly between execution venues or brokers.

Optimus shall inform clients about inducements it may receive from execution venues.

### **Client notification/consent requirements**

Optimus will provide its clients with appropriate information on this policy. In order to comply with this obligation, Optimus has sent its clients a summary of this policy which is also available on the website along with the list of top five execution venues for each financial instrument. To the extent that Optimus makes any material changes to this policy (whether pursuant to the review process or otherwise), the firm will notify the changes to its clients. Compliance will ensure that such notifications are made.

### **Annual publication of information on the identity of execution venues and on the quality of execution**

Upon request from a client, Optimus shall provide its clients or potential clients with information about entities where the orders are transmitted or placed for execution.

Optimus will make public on its website on an annual basis the top five execution venues or investment firms in terms of trading volumes where it transmitted or placed client orders for execution in the preceding year in accordance with the technical standards for each financial instrument it trades.

The format for disclosure is outlined in the attached technical standards - <http://ec.europa.eu/transparency/regdoc/rep/3/2016/EN/3-2016-3337-EN-F1-1-ANNEX-1.PDF>.

Optimus will also publish on its website an annual assessment of the execution quality obtained on all execution venues for each class of financial instrument. The information includes, for each class of financial instruments, a summary of the analysis and conclusions drawn from the detailed monitoring of the quality of execution obtained on the execution venues where they executed all client orders in the previous year including:

- an explanation of the relative importance the Optimus gave to the execution factors of price, costs, speed, likelihood of execution or any other consideration including qualitative factors when assessing the quality of execution;
- generally, Optimus does not charge its clients for the placing of orders and costs paid to the execution venue will relate entirely to the associated execution costs. However, in rare instances this is not fitting, the firm will notify its client;
- an explanation of the factors that led to a change in the list of execution venues listed in the execution policy, if such a change occurred; and
- an explanation of how Optimus has used any data or tools relating to the quality of execution.

Reports should be made public on or before 30th of April following the end of the period to which the report relates.

## **Policy – Client Order Handling**

### **General Obligation**

Optimus will implement procedures and arrangements which provide for the prompt, fair and expeditious execution of client orders (“the Orders”) and to allocate Orders fairly when it conducts transactions involving several clients in the same security at the same time. This Order Handling and Allocation Policy sets out the procedures and arrangements that Optimus has implemented to meet these obligations.

### **Allocation Factors**

The nature of Optimus’s business requires it to select from a large array of possible eligible investments that are appropriate to its clients. It must decide on the quantity that is prudent to purchase, to which clients they should be allocated and in what size.

Trades will be allocated to clients on a basis believed to be fair and equitable; no client will receive preferential treatment over any other.

In determining the suitability of each investment opportunity to a client, consideration will be given to a number of factors, the most important being the client’s investment objectives and strategies, existing portfolio composition and cash levels. Having considered these factors and prior to executing any transactions, Optimus will determine the allocation of an order for each client.

### **Order Handling**

If an order is made by one client only, it is executed in the normal manner in accordance with the Best Execution Policy and the entire execution is allocated to this client. Optimus will ensure that any Orders executed on behalf of clients are promptly and accurately recorded and allocated.

Optimus will carry out otherwise comparable Orders sequentially and promptly unless the characteristics of the Order or prevailing market conditions make this impracticable, or the interests of the client require otherwise. Optimus will inform clients of any material difficulty relevant to the proper carrying out of orders promptly upon becoming aware of the difficulty. Optimus will not misuse information relating to pending client orders, and shall take all reasonable steps to prevent the misuse of such information by any of its relevant persons.

No allocations will be made to a personal account of the firm.

### **Aggregation and Allocation of Orders**

The portfolio management team will not carry out a client Order in aggregation with another client Order unless the following conditions are met:

- It is unlikely that the aggregating of orders and transactions will work overall to the disadvantage of any client whose Order is to be aggregated; and

- It is disclosed to each client whose order is to be aggregated, either orally or in writing and either specifically or in the terms of business that the effect of aggregation may work to its disadvantage in relation to a particular Order.

Optimus places Orders on a first come first served basis. Where an investment opportunity is suitable for two or more clients, Optimus will allocate the opportunity equitably in order to ensure that funds have equal access to the same quality and quantity of investment opportunities, and in determining such allocations will consider the Allocation Factors.

Optimus will only aggregate client orders if they initiated with the same set of execution instructions, if they are initiated on the same day and if they follow exactly the same order chain (e.g. same custodian).

In the first instance, orders will be allocated according to the size of the original order. Where this is not possible, for example because the order is not filled, then in order to ensure fairness, all deals will be allocated in accordance with the pre-trade allocation. Where changes are made to the pre-trade allocation, records are maintained of the changes made and the reason. Optimus will generally allocate trades on a pro-rata basis, based upon capital weighting, subject to the consideration of the Allocation Factors and the treatment of partial executions.

If an order is received from one client and, whilst this is being executed, other clients give orders in the same instrument, then the execution will go to the first client until the subsequent order was received and then executions will be prorated subsequently. Such orders will also be subject to further review to ensure that no front running has occurred. In the event that front running has occurred, the subsequent order may be cancelled or re-allocated.

If an aggregated order is partially executed, the order will be settled for the different clients on a pro-rata basis, according to the contribution made to the aggregated order. As Optimus does not execute orders on the model portfolio service it offers, aggregated orders which are partially executed will be filled as per the platform's (which is responsible for execution) own execution policies. When allocating aggregated orders, Optimus must not give unfair precedence to any party involved. All deals must be allocated prior to execution. If deals are not pre-allocated then the reason must be recorded.

If an error is identified in an allocation, a re-allocation may be made for an aggregated order. In such cases, a record of the reason for and the basis of the reallocation must be fully documented, and the re-allocation will be completed within one business day of the identification of the error.

Allocation records for aggregated transactions must include the time and date of the allocation; the relevant product; the client's identity and any eligible counterparty and the amount allocated to each client and party involved. Optimus is required to retain the records relating to aggregated orders for a period of at least 5 years from the date on which the order is allocated or reallocated.

## **Procedures**

Optimus will adopt the following procedures to monitor the effectiveness of its order execution arrangements and this policy as well as be able to demonstrate to clients that it has acted in accordance with this policy.

### **Front Office Monitoring**

The systems necessary to record and monitor orders and executions as well as the links with the middle office and prime brokers lie within the front office. Therefore, all orders must be made through the front office. Additionally, all confirmations, if not communicated direct, will be passed to the front office.

It is solely the job of the front office to monitor the quality of executions, and ensure compliance with FCA regulations and to also ensure proper control. Authorised traders are presently listed on the FCA's register as holding CF30 Customer Function. These names have been communicated to our counterparties with instructions to them not to accept orders from anybody else. Orders made by others, risk not being recognised.

The dealing desk is responsible for keeping copies of orders and trade confirmations.

### **Order Handling**

Optimus run a suite of model strategies, each is accessed by clients in multiple ways. These include several platforms as well as within UCITS sub-funds. Put simply, a decision to buy or sell an underlying investment in the model strategy requires the underlying investment to be bought or sold via more than one route.

The front office endeavours not to favour one method of accessing the model strategies over another. As is evident in the transaction monitoring and "Master Trade Form", Optimus alternates between the Growth UCITS Fund and the Core UCITS Fund as to which sub-fund it deals for first on a given day, if dealing is required for both sub-funds.

For the Model Portfolio Service (so the platforms mentioned above) Optimus will make any changes on a monthly basis. This means that the MPS trading does not overlap with the UCITS trading. Optimus is not in charge of execution, however, Optimus will try to submit any model portfolio changes at the same time on all platforms. This may not be the case in practice as there are cases where some platforms may take time to on-board a new security to purchase compared to others. In this circumstance it is not considered appropriate to delay the implementation of the change in model portfolios on other platforms.

### **Compliance Monitoring**

The compliance monitoring process will involve a periodic review by compliance of a random sample of transactions to ascertain whether the best possible result was obtained in respect of those transactions.

Compliance has set out various factors that will identify transactions that require further investigation to determine whether Best Execution was achieved.

For transactions where price was the most important execution factor, this will involve a review of prices that were available at the time of execution. Where better prices than the price obtained were available, compliance will discuss this with the relevant member of staff who effected the transaction and determine whether, bearing in mind the other factors that the portfolio manager/ trader considered to be of importance (e.g. size and nature of order) at the time, the best result was nevertheless achieved.

Where another execution factor was the most important (e.g. speed of execution), compliance will consider whether the best possible result was achieved in terms of that factor and again whether, bearing in mind the other factors that the portfolio manager considered to be of importance at the time (e.g. price, size and nature of order), the best result was nevertheless achieved.

Compliance, as owner of this policy, may make changes to this policy depending upon the outcome of the monitoring process. The monitoring of the adherence to this policy and the record keeping forms part of the Compliance Monitoring Programme performed by Compliance.

#### **Review**

At least annually, Optimus will review this policy to ensure it is capable of delivering best execution on a consistent basis and orders are handled in a fair, just and timely manner. Optimus will also review this policy and/or its execution arrangements whenever a material change occurs that could affect its ability to obtain the best possible result for the execution of its clients' orders. What is material will depend on the nature and scope of any change. This could include close links, conflicts of interests and common ownerships with respect to any execution venues used to execute orders.

The reviews will be supervised by compliance and this requirement has been incorporated into Optimus 's compliance monitoring process.



## Appendix 1: Detailed Requirements of the Execution Policy for each Instrument Class.

Instrument Class	Execution Factors
<p><b>Cash Equities</b></p> <p>This Instrument Class includes equities, warrants and depositary receipts and equity CFDs.</p>	<p>The firm uses the Brokers and Execution Venues listed on the GATEway system.</p> <p>For smaller orders, the portfolio manager will on many occasions consider that price is the most important execution factor. Other execution factors are permitted to be taken into account at the discretion of the relevant portfolio manager as is appropriate for the size and nature of the relevant order (and one or more of these other factors may displace price as the most important factor).</p> <p>Where the order is to be passed to a Broker for execution, the portfolio manager will select a Broker from among the list that, in the portfolio manager's view, has a track record of achieving the best result in terms of the relevant execution factors (taking into account the various Brokers' geographic and product coverage). As an additional safety measure, Optimus makes extensive use of limit orders to ensure that its orders are executed at desirable prices.</p> <p>Where the order is to be executed directly with an Execution Venue, the portfolio manager will often check prices quoted by/available on at least two of the Execution Venues listed above. However, in circumstances where the portfolio manager/trader considers that speed of execution, certainty of execution and/or market impact are important execution factors, he or she is permitted to deal on the basis of the prices quoted by/available on a single Execution Venue.</p> <p>For larger orders, the portfolio manager will often consider that certainty of execution, reduction of market impact and speed of execution will have greater importance and these factors will often drive the portfolio manager's decisions as to whether to pass the order to a Broker or to execute directly with an Execution Venue. Often, to ensure quick executions and minimum market impact such orders may be split among multiple brokers.</p>
<p><b>Bonds</b></p> <p>This Instrument Class includes corporate and government bonds, convertible and exchangeable bonds, commercial paper, asset-backed securities, mortgage-backed securities,</p>	<p>In relation to transactions in bonds, the portfolio manager will on many occasions consider that price (including costs) is the most important factor. Other execution factors are permitted to be taken into account at the discretion of the relevant portfolio manager as is appropriate for the size and nature of the relevant order.</p> <p>For larger orders, the portfolio manager will often consider that certainty of execution, reduction of market impact and speed of execution will have greater importance and these factors will often drive the portfolio manager's decisions as to which Broker/ Execution Venue to pass the order to. Often, to ensure quick executions and</p>

<p>certificates of deposit and structured debt securities.</p>	<p>minimum market impact such orders may be split among multiple brokers.</p>
<p><b>OTC Derivatives</b></p> <p>This Instrument Class includes OTC options, OTC forward transactions, OTC swaps (including credit default swaps, total return swaps, variance swaps interest rate swaps and currency swaps).</p> <p>Optimus invests in OTC derivative instruments to hedge against market risk or to gain exposure to an underlying asset. Such derivatives will be either standard contracts or will be structured contracts.</p>	<p>Trading derivative contracts off-exchange will be effected by Optimus with Execution Venues that act as principal under master documentation. All such transactions are effected on a request-for-quote or negotiated deal basis. Optimus has established appropriate master documentation with each of the Execution Venues.</p> <p>For transactions in OTC derivatives, the portfolio manager will on many occasions consider that price (including costs) is the most important factor. Other execution factors can be taken into account at the discretion of the relevant portfolio manager as is appropriate for the size and nature of the relevant order.</p> <p>In certain circumstances, transactions may be initiated by the Execution Venue rather than by Optimus. In these circumstances, particularly where speed of execution, certainty of execution or market impact are perceived to be important execution factors, it will not always be desirable to check the available price against alternative sources and the portfolio manager/ trader is permitted to deal with the Execution Venue that has approached it.</p> <p>For larger orders, the portfolio manager will often consider that certainty of execution, reduction of market impact and speed of execution will have greater importance and these factors will often drive the portfolio manager/ trader's decisions as to which Broker to pass the order to. Often, to ensure quick executions and minimum market impact such orders may be split among multiple brokers.</p> <p>For share class hedging orders in relation to the Optimus Multi-strategy UCITS funds ICAV, the portfolio manager will often consider that certainty of execution at or around the WM 16.00 London price will have greater importance than other factors, in order to ensure that investor's assets are hedged at the most appropriate time for the fund.</p>
<p><b>Exchange Traded Derivatives</b></p> <p>This Instrument Class covers exchange-traded futures and options contracts and exchange traded contracts for differences.</p> <p>Optimus invests in exchange-traded derivative</p>	<p>The firm uses the Brokers/ Execution Venues listed in the table in the GATEway in respect of transactions in financial instruments falling within this Instrument Class.</p> <p>The vast majority of exchange-traded derivatives transactions will be effected by passing an order to a relevant Broker. The portfolio manager/ trader will on many occasions consider that price (including costs) is the most important factor. Other execution factors can be taken into account at the discretion of the relevant portfolio manager as is appropriate for the size and nature of the relevant order.</p> <p>Where the order is to be passed to a Broker for execution, the portfolio manager will select a Broker from among the list that, in the portfolio manager's view, has a track record of achieving the best result in terms of the relevant execution factors (taking into account the various</p>

<p>instruments to hedge against market risk or to gain exposure to an underlying asset.</p>	<p>Brokers' relevant exchange memberships, geographic and product coverage). As an additional safety measure, Optimus makes extensive use of limit orders to ensure that it's orders are executed at desirable prices.</p> <p>Where the order is to be executed directly with an Execution Venue, the portfolio manager will often check prices quoted by/available on at least two of the Execution Venues listed, or if the execution venue is Bloomberg MTF request quotes from two of the brokers on the panel. However, in circumstances where the portfolio manager/ trader considers that speed of execution, certainty of execution and/or market impact are important execution factors, he or she is permitted to deal on the basis of the prices quoted by/available on a single Execution Venue.</p>
<p><b>Collective Investment Schemes</b></p>	<p>For the vast majority of CISs there is no secondary market and it is almost invariably the case that Optimus will place an order for the purchase or sale of units with the operator or manager or administrator of the fund. The "Broker" or "Execution Venue" for such transactions would therefore always be the operator /manager /administrator (as appropriate). Transactions are effected at the net asset value of the CIS. Certainty of execution (i.e. the ability to execute the order) is the most important factor.</p>

## Appendix 2: Identification of transactions requiring further investigation.

Price, Cost and Speed are the most important factors Optimus takes into account when determining whether it has achieved best execution. Below are examples of the triggers that are used to identify transactions where further analysis is required.

Execution Factor	Execution Factors
<p><b>Price</b></p>	<p>On Exchange</p> <p>Liquid instrument – spread to mid-price.</p> <p>Illiquid instrument – spread to mid-price, considering lot size.</p> <p>OTC – an unreasonable price is achieved versus other bid/offer prices.</p>
<p><b>Cost</b></p>	<p>On Exchange</p> <p>Liquid instrument – additional charges, which could have been avoided (ie overseas dealing charge when the instrument is listed on domestic and international exchanges).</p> <p>Illiquid instrument – above average costs levied, considering lot size.</p> <p>OTC – unreasonable dealing charges are levied on the trade, considering the complexity of the order.</p>
<p><b>Speed</b></p>	<p>On Exchange</p> <p>Liquid instrument – above average delay in the execution of the order.</p> <p>Illiquid instrument – above average delay in execution of order, considering the liquidity profile and lot size of the trade.</p> <p>OTC – unreasonable delay in the execution of the order, considering the complexity of the order.</p>