



AJ Bell Asset Management Limited

Order Execution Policy

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Version 5

Introduction

As a firm conducting investment services and activities, authorised and regulated by the Financial Conduct Authority (“FCA”), AJ Bell Asset Management (“AJBAM”) must act in the best interests of each scheme it manages when executing decisions to deal on behalf of its clients (COBS 11.2A).

The firm is required to take all sufficient steps to obtain, when executing decisions to deal, the best possible result for each scheme it manages, taking into account the execution factors. The execution factors referred to include price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the decision to deal. This overarching obligation to obtain the best possible result for clients is referred to in this document as the obligation of Best Execution.

This document outlines the execution policy and practical approach undertaken by **AJBAM** to provide Best Execution, when either executing trades or transmitting orders for execution to a third party on behalf of its clients, pursuant to the Markets in Financial Instruments Directive 2014/65/EU¹ (“**MiFID II**”) and the Financial Conduct Authority (“**FCA**”)’s Handbook under COBS 11.2A².

Policy

As an investment manager, AJBAM’s clients are the funds and managed accounts (the “**Funds**”) which it manages. Under the FCA Client Classification rules (COBS 3.5), the Funds have been classified as ‘Professional Clients’³.

When buying and selling financial instruments on behalf of the Funds, AJBAM is obliged to take all sufficient steps to achieve the best overall result or “Best Execution”. This requirement would extend to obtaining the best possible result for each scheme it manages if placing orders to deal on behalf of that scheme with other entities, taking into account the execution factors.

Our commitment to providing Best Execution to our clients does not mean that we owe them any fiduciary responsibilities over and above the specific regulatory obligations placed upon us or as may be otherwise contracted between us.

Execution Factors

All trading is undertaken with the overall strategy of achieving the underlying objectives of the Funds(s) and client(s) on behalf of which the orders are being made.

Dependent upon the objectives, investment policy and risks specific to the scheme, as indicated in its prospectus or instrument constituting the fund, the nature and liquidity of the relevant financial instrument and market, the characteristics of the particular order, the requirements of the underlying trading strategy, and the nature of the available execution venues for that order, different execution criteria may be deemed to be more important under different circumstances.

A range of possible execution factors may be considered, and these include (but are not limited to) the following:

- The price achieved when executing a client order
- Trading costs incurred when executing a client order

¹ <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014L0065>

² COBS 11.2A Best execution – MiFID provisions - FCA Handbook

³ <https://www.handbook.fca.org.uk/handbook/COBS/3/5.html>

- The **speed** in executing an order
- The **nature and size** of the order
- The prevailing **liquidity** of the relevant instrument
- The likelihood of efficient **settlement** of the order

Typically, price is given the highest priority when executing orders; with the remaining execution factors given equal consideration.

Achieving Best Execution in Practice

The pursuit of Best Execution is of fundamental importance to the AJBAM business model.

Our products are the Funds which we manage and their appeal to the investment community is dependent upon the returns they generate. In turn, AJBAM's income stream is derived from its investment management fee, which is based on the overall assets under management of the Funds as a constituent of the fixed fee charged to investors.

Therefore, in this respect, the interests of our Funds' investors and the interests of AJBAM are aligned. AJBAM seeks to achieve a return on capital while simultaneously maintaining appropriate levels of risk management and diversification within the Funds.

AJBAM aims to minimise execution slippage and reduce transaction costs for instruments as far as possible by having a disciplined and timely execution process focused around achieving the best possible result for its clients. The precise strategy used for execution is dependent on the security being traded, as detailed below.

Open-Ended Investment Companies (OEICs), Unit Trusts & SICAVs

The pricing of OEICs, unit trust securities and SICAVs are based around fixed valuation points, rather than the more variable nature of exchange-traded securities. As such, speed is the primary execution factor here, and Best Execution is achieved by ensuring the timely and accurate placement of orders with the relevant investment fund manager. AJBAM trades OEICs and unit trusts by transmitting orders to Valu-Trac Investment Management Limited, its Authorised Corporate Director ("ACD"). In turn, the ACD then places orders directly with the investment fund manager.

All trading is overseen by AJBAM to ensure that instructions are produced, checked, and executed successfully and in a timely manner.

Equities, Exchange-Traded Funds (ETFs)

AJBAM's typical trading approach for instruments within its investment universe is, once trading is analysed and orders are proposed, they are transmitted from AJBAM to Valu-Trac Investment Management Limited, who then in turn execute the orders via a panel of counterparties.

Fixed Income Instruments

These securities, such as direct holdings of bonds, are typically transacted in the same way as equities and ETFs, via Valu-Trac Investment Management Limited's panel of counterparties, with a minimum of two counterparties present to provide competitive quoted pricing for instruments.

Internal Trade Crossing

AJBAAM may use internal trade crossing between the Funds, where this works to the overall advantage of clients versus what would be achieved by trading externally. Crossing is used to reduce transaction costs, broker commissions, bid/ask spreads, and market impact. Where more than two Funds take part in a crossing AJBAAM make allocations on a pro rata basis (relative to how much each Fund would need to buy/sell of the instrument if it were not partaking in the cross).

Internal crossing is carried out by the ACD, using a price determined which is appropriate for the instruments being traded. Typically, the mid-market price at the Fund NAV point is used.

Execution Venues

Execution venues selection is based on various factors. Price offered is typically the overarching factor, but we may also consider other factors such as commission and other charges, execution speed, likelihood of efficient clearing and settlement, credit risk and any other considerations that may be relevant to the processing of the order.

The current list of approved execution venues is listed below, per instrument, in the “List of Approved Counterparties by Instrument Type” section and is maintained by Valu-Trac Investment Management as the appointed dealing agent to the Funds. AJBAAM reserves the right to amend this list from time to time.

Regular Policy Review and Monitoring

The AJBAAM Order Execution policy and order execution arrangements are overseen by a robust internal governance structure and are reviewed on at least an annual basis. A review and, if necessary, an update to the policy will also be undertaken should any material change occur that affects AJBAAM’s ability to obtain the best possible result for clients on a consistent basis using the current version of the policy.

Ongoing monitoring is undertaken to ensure the effectiveness of AJBAAM’s order execution arrangements, including the execution venues used, counterparties and our internal processes and procedures.

All relevant AJBAAM staff are made aware of this policy, to highlight and emphasise the importance of best execution.

List of Approved Counterparties by Instrument Type

Equities/Exchange-Traded Funds/Fixed Income/OTC	Open-Ended Investment Companies/Unit Trusts:
<ul style="list-style-type: none">• Flow Traders B.V.• Jane Street Financial Limited• Jefferies International Limited• King & Shaxson Limited• Susquehanna• Virtu ITG Europe Limited	<ul style="list-style-type: none">• All UCITS-eligible Collective Investment Schemes• Other EU or non-EU Collective Investment Schemes which meet the provisions of the UCITS directive 50(1)(e)

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