

# **WAY Fund Managers**

## **Best Execution Policy**

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WAY Fund Managers Ltd

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## Introduction/Overview

As per COBS 11.2 of the Financial Conduct Authority Handbook, WFM is required to take all reasonable steps to obtain the best possible result (or “best execution”) when executing orders on behalf of its clients. These rules require WFM to put in place a Best Execution Policy which sets out how it will obtain best execution for its clients and to provide appropriate information to its clients on its order execution policy. This policy details this information for WFM.

## Execution criteria

When dealing in a financial instrument WFM will exercise its discretion in assessing the criteria that need to be taken into account to provide the client with the best possible result ("best execution"), whilst ensuring that all clients are treated fairly.

We will take all reasonable steps to obtain the best possible result for each fund / scheme taking into account the following Execution Factors (COBS 11.2B.5):

1. Price
2. Costs
3. Speed
4. Likelihood of execution
5. Likelihood of settlement
6. Order size and nature
7. Any other consideration relevant to the execution of the decision to deal.

## Relative Importance

The relative importance of these criteria will be judged on an order-by-order basis in line with WFM’s commercial judgement and experience in light of current market information. This will consider the following criteria:

- 1) The objectives, investment policy and risks specific to the scheme, as indicated in its prospectus or instrument constituting the fund
- 2) The characteristics of the order, including where the order involves a securities financing transaction
- 3) The characteristics of the financial instruments that are the subject of that order; and
- 4) The characteristics of the execution venues to which that order can be directed.

(COBS 11.2B.7).

Their importance will vary depending on the characteristics of the order received from the client. The broker used by WFM will also have their own Best Execution Policy which is reviewed by WFM as part of its initial and on-going due diligence.

In executing orders, in the absence of any specific client instructions, WFM will use price (including trading costs) as the primary measure for achieving best execution as it believes that this offers the best result for clients.

The next most important factor after price will typically be speed of execution. Market prices can change quickly, so it is important that there is no undue delay in executing a trade unless there is good reason.

In certain circumstances, WFM or its designated broker may determine that other factors are more important in determining the best possible best execution result.

For example, if WFM receives a large order size or an asset is short on liquidity, WFM may decide that there will be a more favourable outcome for the client if the broker were to work the order over a longer period of time, instead of executing the order immediately.

The importance of the seven execution criteria as listed above will be decided by the Head of Investment Oversight and in their absence a member of the Investment Oversight Committee.

Having assessed the relevant execution criteria and relative importance of the execution factors specific to that order, to achieve consistently the best overall result as well as any specific instructions provided, WFM will select the most appropriate venue(s) from those available and execute the order accordingly.

WFM will execute an order by one of the following methods, or combination of methods:

- On a Regulated Market via a market participant with whom it has entered into an agreement for handling orders for that Regulated Market (a broker acting as principal or agent).
- Outside a Regulated Market by executing the order via a market participant (with whom WFM has entered into an agreement for handling orders) matching orders from another of their clients (an agency broker).
- Outside a Regulated Market by executing the order via a market participant (with whom WFM has entered into an agreement for handling orders) (i.e. directly on a Multilateral Trading Facility (“MTF”).
- Outside a Regulated Market by executing the order on an over-the-counter (“OTC”) basis with a broker as counterparty (with whom WFM has entered into an agreement for OTC transactions).

## Delegated fund management

WFM acts as Authorised Corporate Director / Authorised Fund Manager for Collective Investment Schemes (CIS). For CIS that are constructed as Non-UCITS Retail Schemes (NURS) or Qualified Investor Schemes (QIS), it acts as an Alternative Investment Fund Manager.

While acting in the above capacity the investment management of the funds is delegated to third party investment managers. Dealing in the assets of each of the funds will be subject to the individual Investment Manager’s own Best Execution Policy. Before appointing an Investment Manager, WFM will carry out full investment, operational and regulatory due diligence, which will include a review of the prospective Investment Manager’s best execution arrangements to ensure they are in line with legislation and regulation, WFM’s own requirements and what it considers the best interests of investors. The Investment Manager’s activities are closely monitored by WFM, including a periodic review of their Best Execution Policy. Where WFM is appointed as an Investment Manager, the Compliance and Investment Oversight teams will be jointly responsible for assessing WFM’s best execution arrangements.

Where WFM is required to assume the investment management function in relation to one of its funds due to the retirement, removal, or failure of one of its appointed managers, WFM may be required to undertake discretionary management functions which will fall under the scope of this policy. In the case of Rosevine, the investment manager does not execute trades directly he does this via WFM.

### Execution venues

Where WFM undertakes specific trading on behalf of certain funds, as instructed to do so by the relevant fund's investment manager, the Execution Venues used by WFM are Peregrine & Black Limited.

WFM uses a number of factors to assess and select an execution venue, including an assessment of that firm's:

1. Corporate Governance framework
2. Regulatory & Compliance Oversight
3. Outsourcing arrangements (where applicable)
4. Conflicts of Interest policies and procedures
5. Best Execution policies and procedures
6. Transaction Reporting
7. Business continuity arrangements

The review will also assess the following factors of importance to measure each individual broker's overall value and quality of service to WFM:

- a. Best Execution
- b. Timeliness
- c. Execution Cost
- d. Asset Coverage
- e. Sourcing Liquidity
- f. Third Party Relationship
- g. Settlement / Administration
- h. Dealing / Reporting Errors
- i. Miscellaneous

The asset types that WFM currently trades in are equities, bonds, investment trusts and exchange-traded funds. In the event that WFM needs to trade other asset types, it will use the most appropriate broker at that time.

Whilst WFM currently utilises the services of Peregrine & Black Limited, it reserves the right to use other unlisted execution venues and brokers which it deems appropriate and for which it has completed its authorisation processes.

WFM will regularly assess the execution venues and brokers available and may add or delete venues in accordance with its obligation to provide the best possible execution results on a consistent basis.

## Specific client instructions

Where WFM contracts directly with a client to provide execution only services, a client will provide it with a specific instruction to deal on their behalf which WFM will execute in accordance with those specific instructions and in accordance with the terms of the relevant contractual agreement. WFM will, at all times, owe them a duty to provide best execution.

Where the instructions relate to only part of an order, WFM will continue to apply its Best Execution Policy to those aspects of the order not covered by specific instructions.

It should be noted that providing specific instructions to WFM, in relation to the execution of a particular order, may prevent it from following its Best Execution Policy, which is designed to obtain the best possible result for a client on a consistent basis, considering the factors outlined above.

## Monitoring and review

WFM will monitor the effectiveness of its Best Execution Policy and its execution arrangements to identify and, where appropriate, correct any deficiencies. Monitoring is undertaken by scrutinising the execution reports from the broker against market data and identifying any prices outside of a 2% tolerance. In the case that a price outside of the tolerance is identified this is referred to the relevant broker to provide an explanation. If WFM were to receive an unsatisfactory explanation it could lead to them choosing a new execution venue for future trades. WFM shall review the Best Execution Policy and brokers it uses at least annually. Such a review shall also be carried out whenever a material change occurs that affects WFM's ability to continue to obtain the best possible result for its clients.

A summary of WFM's Best Execution Policy can be found on its website. All clients can request a hard copy of WFM's Best Execution Policy at any time, by contacting WFM at its Wimborne Office.

Authorised and regulated by the Financial Conduct Authority.  
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Member of the Investment Association



WAY Fund Managers Ltd