

## Capita IRG Trustees Limited Execution and Order Allocation Policy

### Background

The Financial Services Authority (“**FSA**”) Rules and the Markets in Financial Instruments Directive (“**MiFID**”) require investment firms involved in the execution of client orders to take all reasonable steps to obtain the best possible result for their clients, taking into account price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to order execution. Firms that execute orders or which transmit orders to other entities for execution are required to establish a policy for complying with the overarching best execution requirement.

Capita IRG Trustees Limited (“**CIRGT**”) provides services which involve receiving client orders in relation to shares, and on occasion other financial instruments such as rights to buy shares issued to a company’s shareholders as part of a rights issue, loan notes and bonds and in the case of securities admitted to trading on an EEA regulated market or an equivalent third country market (“**listed securities**”), transmitting these orders to other entities for execution. It does not ordinarily execute orders itself, except under certain conditions (which are detailed below in the respective sections of this policy) relating to the provision of services for certain unlisted securities and certain types of employee share plans. This execution policy sets out CIRGT’s strategy, and details the key steps it takes to comply with the overarching best execution requirement and how those steps enable it to obtain the best possible result for its clients. It is made available to clients on request. Appropriate information on this policy is provided to clients in the terms and conditions for the products offered by CIRGT.

This policy applies to CIRGT’s retail and professional clients.

### Execution factors and criteria

CIRGT has a duty when executing orders on behalf of a client or transmitting client orders to other entities for execution to take all reasonable steps to obtain the best possible result for its clients, taking into account various specified execution factors, as stated in the next paragraph.

In particular, when selecting entities to provide execution services in relation to orders in listed securities, CIRGT takes all reasonable steps to obtain the best possible result for its clients, taking into account price, costs of execution, speed of execution and settlement, likelihood of execution and settlement, size and/or nature of the order and any other consideration relevant to order execution.

For all transactions that CIRGT undertakes on clients’ behalf it will ordinarily treat them as a retail client; this will always be specified in the terms of business or the client agreement. The services that CIRGT offers are execution-only and ordinarily relate to non-complex financial instruments that are traded on an EEA regulated market or an equivalent third country market and accordingly it makes no assessment of the appropriateness or suitability of the transaction unless otherwise detailed in the terms of business such as in the case of a service relating to unlisted

securities. CIRGT recognises that for retail clients the most important factor to determine best execution is the total consideration in terms of the price of the securities in question and the related execution costs payable by the client. Consequently price and costs of execution are normally selected as the most important factors for the execution of a trade.

CIRGT receives orders and, in the case of listed securities, transmits them to another entity, which is responsible for executing the order and achieving best execution. The entities to whom CIRGT transmits orders adopt the same approach towards the factors set out above but their choice of how to deal may also be affected by the following:

- 1) the liquidity of the listed securities involved and the execution venues upon which the orders can be executed
- 2) the execution policy of the entity in question
- 3) the fact that the order may be aggregated with orders received by that entity from other clients

In the event that an order in a listed security, whether aggregated with other clients' orders or on its own, exceeds the market size for a particular stock, this may have an impact on the liquidity and price achieved for that order. In these circumstances, CIRGT reserves the right to delay the trade and make reasonable efforts to contact the client to ascertain if the trade should be progressed once an indicative quote has been received.

On occasion CIRGT may consent to allow an entity providing execution services to deal off-market. An example of this may be where a stock is particularly illiquid and/or where an entity decides to deal as principal and trade on its own account. CIRGT undertakes to ensure that the client still receives best execution in accordance with FSA Rules.

## Execution venues

CIRGT ordinarily acts as a receiver and transmitter of orders and relies on the entity it places the order with to determine the venue for the execution of the trade. The venue of execution used depends on the nature of the trade being executed. Further details of this are given in the sections below. Where CIRGT is the provider of services relating to unlisted securities, we will act as agent for the execution of your order and will be the execution venue.

## Specific instructions

CIRGT's policy is not to accept specific instructions from clients unless they fall within the following categories:

- 1) a limit order placed via the telephone or internet dealing service provided through WSL or via online exercise facility available for certain share option schemes;
- 2) a price specified on a postal instruction for immediate execution; or

- 3) a price specified on an instruction to deal in an unlisted security.

Where CIRGT accepts a limit order this may affect the quality of execution that it can provide to its clients and some or all of this policy may not apply to such orders.

Limit orders can fail for a number of reasons, as outlined in the terms and conditions of the relevant service. CIRGT only offers a limit order service on a reasonable endeavours basis and it remains the responsibility of the client to monitor the execution of the order.

CIRGT does not ordinarily accept instructions from clients to place trades on specific venues. In the event that CIRGT does accept such an instruction, even if it is a venue or broker not listed in this policy, CIRGT will be deemed to have complied with its best execution duty under FSA Rules only in respect of the part or aspect of the order to which the specific instructions relate, provided that such an instruction is accurately executed by CIRGT.

### Telephone and Internet Dealing Service

All orders in listed securities received through CIRGT's Telephone and Internet Dealing Service are transmitted by CIRGT to another entity for execution. CIRGT does not itself execute those orders. CIRGT has selected Winterflood Securities Limited ("**WSL**"), to provide a dealing platform for CIRGT. CIRGT transmits orders to WSL via the dealing platform which routes orders to an execution firm for execution in the market. All of the orders derived from CIRGT's internet and telephone share dealing service are placed by the executing broker on an execution venue which is either an EEA regulated market or an equivalent third party market or a Multilateral Trading Facility ("**MTF**").

WSL has been selected to provide this service for the following reasons:

- 1) WSL is one of the UK's leading Retail Service Providers and provides access to significant pools of liquidity;
- 2) WSL provide electronic prices through which WSL deals on behalf of CIRGT in real-time and are contractually obliged to provide best execution
- 3) WSL provides an electronic link to CIRGT's dealing platform which is an effective and efficient method of placing trades.

If CIRGT receives an "At Limit order" in this service, its broker will publish details of the order to market participants unless the client consents to this not being done.

Client orders given under this service are not aggregated.

Customer instructions are normally executed in the same order as they are received, except where there are special conditions, such as price limits or limited liquidity, where such conditions might require additional time to ensure that the best possible result is obtained. The execution of instructions, including limit and stop loss orders, may also be delayed for other reasons as outlined in the terms and conditions, such as the need to verify a client's identity.

## Other trades

These comprise trades arising from the following activities:

- 1) Dividend Reinvestment Plans
- 2) Investment Trust Savings Schemes
- 3) Monthly Share Purchase Plans
- 4) Share Incentive Plans
- 5) Nominee Administration service
- 6) Postal Share Dealing
- 7) The sale of shares issued as a result of the exercise of a share option
- 8) Provision of a service for dealing in certain unlisted securities.

All orders received by CIRGT or generated by CIRGT as part of the activities mentioned in 1-7 above are transmitted by CIRGT to another entity for execution. CIRGT does not itself execute those orders. The orders are executed on a venue of the entity's choice. This can be a regulated market, MTF or a firm executing the orders on an over-the-counter (OTC) basis (whether or not as a systematic internaliser). Details of the venue where the trade was executed are confirmed on the advice note.

Activity 8 involves CIRGT executing orders in complex financial instruments as they relate to shares that are not at the relevant time admitted to trading on an EEA regulated market or equivalent third country market. Further details on this activity are set out below in the 'Dealing in unlisted securities' section.

In the case of the activities mentioned in 1-7 above, CIRGT may aggregate all orders received on or before a specified dealing day/time and place the trade for the aggregated order with the selected entity for execution. Once the order is completed CIRGT allocates the outcome to the clients. This is based on the contract note for the order delivered by the selected entity.

CIRGT takes reasonable steps to ensure that the entity with which it places the trade has an execution approach that enables us to comply with our duty to provide best execution.

The entities that CIRGT currently use for placing trades in listed securities are detailed below. This list is not exhaustive and it includes the entities on which we generally place reliance. CIRGT reserves the right to use another entity that may, from time to time, be appropriate in light of our overall policy arrangements.

BMO Capital Markets  
Brewin Dolphin  
Credit Suisse  
Evolution Securities  
Jefferies  
JP Morgan Cazenove  
Oriental Securities  
Nat West Stockbrokers  
Peel Hunt  
Seymour Pierce Limited  
Shore Capital Stockbrokers Limited  
Société Générale Securities Services  
Winterflood Securities Limited

## Review and monitoring of the best execution policy and execution arrangements

CIRGT monitors execution performance on a regular basis and, at least once a year, it will review the effectiveness of the policy and, in particular, the execution quality of its executing brokers and, where appropriate, correct any deficiencies that are identified.

We will also assess whether the entities included in this policy provide, on a consistent basis, the best possible result for CIRGT's clients and whether any changes need to be made to CIRGT's execution arrangements.

In addition, a client of CIRGT has the right to ask us to demonstrate that any order executed by CIRGT on their behalf has been carried out in accordance with this policy.

## Activities where CIRGT may deal as agent

In certain instances in relation to discretionary share plans and the provision of a dealing service in certain unlisted securities only, CIRGT may deal as agent in respect of the sale and/or purchase of shares. This will only occur where the shares held are not admitted to trading on a regulated market or the employer company has directed that the shares being sold are to be purchased by an employee benefit trust or similar such vehicle designed to hold shares for use in similar employee share plans. CIRGT will only trade in this manner where it is confident that it will achieve the best possible result for its clients, as per the execution factors set out above, and the provisions set out below will apply to any such trades.

## Dealing in unlisted securities

Unlisted securities are shares and other financial instruments that are not listed on any exchange and, as such, may carry specific additional risks and may prove more difficult to trade than listed securities. We may agree to offer a matched bargain service and accept requests to buy and sell such securities, and in these instances we will act in an agency cross capacity in matching interested buyers and sellers at the prices they specify. This means that CIRGT will be the execution venue for any such trades, and they will not be executed on a regulated market or MTF, and any clients wishing to use this service will have to agree to this as a condition of placing an order. We will not enter into such deals as principal.

Valid instructions received in writing will be time and date stamp recorded at the point of receipt in our offices on the business day in question (a business day is any day on which the London Stock Exchange is open for business, and this service is available 9am-5.30pm on such days). Instructions need to be accompanied by a completed appropriateness questionnaire. Once we are satisfied that the shareholder understands the risks involved in using this service, we will endeavour to find buyers or sellers wishing to trade at the price specified within the dealing instruction. Any instruction will not be considered valid until the necessary confirmation of

appropriateness has been received, for example, the return of a signed copy of a risk letter that we may send to a client wishing to deal in unlisted securities where we require additional confirmation in addition to the appropriateness questionnaire.

Instructions will be dealt with in strict time and date order where the price expectations of buyers and sellers match. Written instructions will include the price at which shareholders are willing to buy or sell shares.

The following factors will be taken into consideration in the order set out below:

1. The date and time at which the valid instruction was received.
2. The minimum price per share at which sellers are looking to achieve.
3. The maximum price per share at which buyers are looking to pay.
4. The number of shares that sellers are looking to sell compared to the number of shares that buyers are looking to buy. We will normally only accept instructions to sell an entire holding but may, at our discretion and with the agreement of the seller, undertake a partial sale. We may also, at our discretion, contact a buyer for confirmation as to whether a partial purchase should be executed or whether they wish to wait for their whole order to be fulfilled.
5. The difference between the minimum selling and maximum buying price. Where a seller(s) minimum price expectation is **higher** than the maximum price a buyer(s) is willing to pay, no match will be possible. Where a seller(s) minimum price expectation ("selling price") is **lower** than the maximum purchase price expectation of a buyer(s) ("buying price"), the indicative price at which we can match and execute such transactions will be the mid-point between the two price expectations, with the total transaction cost rounded up to the nearest whole penny/cent where necessary. Where more than one seller is party to an order, we may aggregate the trade in such a way that uses the average mid-point across the whole trade or we may work the order in separate tranches, provided that this still meets the minimum selling and maximum buying price expectations; in all cases, we will work the order(s) in a way that ensures we meet our obligations to provide best execution to both buyer(s) and seller(s).

As with any other trade, clients are entitled to ask CIRGT to demonstrate that this policy has been followed on any executed order.

Orders will remain valid for the period of time specified in the terms and conditions of the service, after which time the order will cease to be treated as a valid instruction and your trade instruction form will be returned to you if the trade has not executed.

## Order Prioritisation Policy for employee share plans

### Share Plans

Capita Share Plan Services ("**CSPS**") trades which relate to Share Incentive Plans (SIP) or other employee share plans are subject to the timescales for trading as agreed with the employer company and/or the relevant trustee of the employee share plan. Orders received in writing, in valid format, by 12 noon (UK time) on any business day may be aggregated with other orders and will be sold the same business day. A business day is any day the London Stock Exchange is open for business and expires at 4.30 pm for UK stocks and at 5.30 pm (UK time) for

overseas stocks (subject to local market closing times). Purchases which are received by way of regular payroll contributions will be placed in the market on specific business days in accordance with the company specific plan rules (a copy of the relevant plan rules can be made available to the participant in the plan on request). Orders may be aggregated with other comparable instructions.

Please note that such trades are ordinarily carried out by CSPA for the employer company and/or the relevant trustee of any such employee share plan. Only in circumstances where CSPA has agreed directly with the participant in such a plan will CSPA treat the participant as its own client.

If participants in any type of share plan wish to have complete control over the price at which a trade is executed, they can achieve this by transferring the shares out of the plan and into their own name, at which point they can make their own arrangements directly with a broker or share dealing service of their own choice, subject to the holding being free of tax or National Insurance liability. Participants may be able to contract directly with CIRGT for such a trade, in which case CIRGT will treat the participant as its own client and will apply its standard best execution policy to such a trade.

### **CSPA Nominee Schemes**

For the small number of nominee schemes that CSPA administer that permit regular investment in new shares, there may be a choice of an aggregated order or same day execution request. Any instructions received for same day execution will be placed in the market within one hour of the valid instruction being received.

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