Towers Watson Investment Management (Ireland) Limited

Towers Watson Investment Management Limited

Best Execution and Order Handling Policy

Section I: Overview

1. Scope

This policy applies to Towers Watson Investment Management Limited (the "**Investment Manager**") and sets forth the methodology for achieving the best possible result when executing orders for clients. Best Execution is not directly applicable to Towers Watson Investment Management (Ireland) Limited (the "**Manager**") as the Manager does not enter into any trading transactions on behalf of the Funds/Clients.

This policy applies to Professional Clients of the Investment Manager only, unless otherwise agreed in writing by a client who is not a Professional Client. The Investment Manager does not deal directly with or for retail clients.

Section II: Policy

1. Best Execution

The Investment Manager will always look to deliver the best possible result when executing client orders in relation to all types of financial instruments. However, given the differences in market structures or the structure of financial instruments, it may be difficult to identify and apply a uniform standard of, and procedure for, best execution that would be valid and effective for all classes of instruments. Best execution obligations should therefore be applied in a manner that takes into account the different circumstances associated with the execution of orders related to particular types of financial instruments.

The firm must ensure for each instrument type it trades it achieves the best overall outcome for its clients taking into consideration the "**execution factors**":

- Price
- Transaction costs
- Speed of execution
- Likelihood of execution and settlement
- Size and nature of transaction
- Any other consideration relevant to the execution of an order

2. Instruments

The policy covers the financial instruments traded by the Investment Manager which include but not limited to:

- Investment Funds or Securities trading on a recognised market or exchange
- Units or shares of non-exchange traded Collective Investment Schemes
- OTC derivatives – Forward Exchange Contracts
- Exchange-traded derivatives
- Exchange Traded Funds (ETFs)

3. Methodology

The Investment Manager does not primarily deal in underlying securities on behalf of its clients but invests through Collective Investment Schemes or has appointed sub-advisors to deal in the underlying instruments. Therefore the relevance of best execution factors under COBS 11.2.9 will be applied in a manner proportionate to the activities of the firm. The Investment Manager undertakes appropriate due diligence and oversight over sub-advisors to ensure compliance with the requirements of best execution and order handling.

In seeking to obtain the best possible result for clients, the Investment Manager:

- Uses a variety of methods to access markets, seeking to use the experience of brokers in so far as they may improve the trading terms in those markets. The aim is to find the execution venues that best match the firm's trading philosophy and help the firm add value to each transaction or series of transactions.

- Where the firm has appointed a sub-advisor, ensures that the sub-advisor has implemented and maintains an appropriate order execution policy and periodically reviews the quality of execution being received.

- As a minimum expects counterparties to be professional, and to achieve high standards, in both execution and settlement. The firm assesses brokers on their ability to achieve trading objectives in accordance with applicable market standards.

- Requires best execution to be achieved by all appointed brokers in accordance with the requirements of the exchanges in which they operate.

- Uses brokers that satisfy the minimum standards set by the firm's Broker Approval Committee. The number of brokers on the firm's approved list is restricted to ensure that the relationships and the service provided is managed appropriately.

4. Dealing Process

Investment decisions are controlled and made by the Investment Committee or the Portfolio Management Team of each Fund, with the Portfolio Manager having responsibility to then pass these decisions on to the appropriate venue in accordance with the firm's policy (see Venue Selection procedures below) and that the order is implemented within those parameters.

All dealing records must be held for a minimum period as required by the relevant regulations.

5. Venue Selection

It is the Investment Manager's policy to select the venue most likely to provide best execution of the order in question. The firm will place orders for execution only with approved venues that have been selected and placed on the approved list maintained by the Broker Approval Committee.

The firm has a choice of execution venues including brokers, exchanges and MTF's (Multilateral Trading Facilities).

When selecting which venue to use, the firm considers the execution factors mentioned above. The relevant importance of each of the above factors will be determined for each venue by using the firm's experience and knowledge of the market, taking into account the following execution criteria:

- The characteristics of financial instruments that are the subject of that order
- The characteristics of the execution venues to which that order can be directed
- The characteristics of the client including the categorisation of the client as professional
- The characteristics of the client order

In the majority of cases for Professional Clients it is expected that the most significant issue to be taken into account will be the total consideration to be paid or received in each case such that there will be greater weight on the price and costs associated with each trade. However, there will be circumstances when other factors may be more important or relevant and, as discretionary managers, the firm uses its judgement and experience to give greater prominence to them.

Notes on Venue Selection:

- For certain markets/instruments it is possible for the firm to choose only one venue where the firm has reason to believe and can demonstrate that one venue only will provide the best possible result for the client. This choice will be reviewed on a periodic basis.
- Orders may be executed on exchange or off exchange.
- Not all venues used by the firm may be listed in the policy at any one time. The firm may use other venues not listed in the policy, subject to the prior approval of the Broker Approval Committee.

6. Review Procedure

The Investment Manager monitors on a regular basis the effectiveness of the policy and, in particular, the execution quality of the entities identified in that policy. Where the monitoring reveals the need for any changes or enhancements to be made, these will be implemented as appropriate.

The execution policy is reviewed on an annual basis and also whenever a material change occurs that affects the firm's ability to continue to obtain the best possible result for its clients.

7. Client Order Handling

The Investment Manager will satisfy the following conditions when carrying out client orders:

- It will ensure that orders executed on behalf of clients are promptly and accurately recorded and allocated.
- It 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.

8. Use of Dealing Commissions

The firm does not currently make use of commission sharing arrangements or generate execution and research commission as a result of its trading activity.

However, any use of such arrangements would be subject to review and monitoring by the Broker Approval Committee.

9. Aggregation and Allocation

9.1 Aggregation

The Investment Manager may aggregate a client order with those of other clients (and clients of affiliates of the firm) and its own account from time to time for the efficient execution of orders for the benefit of all clients. The firm will endeavour to not carry out a client order or a transaction in aggregation with another order if it is likely that the aggregation of orders will work to the disadvantage of any client whose order is to be aggregated.

In the event that an aggregation would disadvantage a client, it must be disclosed to each client whose order may be aggregated, that the effect of aggregation may work to its disadvantage in relation to a particular order.

The firm will take into account the investment strategy and risk profile of each customer before allocating aggregated orders.

Client orders that are aggregated with an order for the firm's own account will be allocated with priority to the client(s) at all times. However, if the firm would not have been able to carry out the order on such advantageous terms without aggregating the client order with an order for the firm's account or at all it may allocate the transaction for its own account proportionally, in accordance with the Allocation Policy below.

9.2 Allocation

When allocating orders across funds or client accounts, the following methodologies and factors will be considered:

- Pro rata
- Pari passu
- Volume of the order
- Capacity of the relevant portfolio in line with investment restrictions
- Time horizons
- Price of the order

Allocations among clients with the same or a similar investment objective should be pro-rata based on the relative market values of the aggregated clients' portfolios.

Where the aggregated orders are executed in differently sized tranches and at different prices the allocation will be made at the weighted average price achieved.

If an order is partially executed, the subsequent related orders required to complete the original aggregated order must be allocated on the same basis as the original order.

Deviations from the general rule may be permitted in the following specific circumstances where allocations may be based on:

- Existing positions in the client accounts
- Different risk limits where the use of pro rata based on portfolio assets may mean a client exceeds a risk limit
- Application of small lots where shares will be allocated to largest account if the securities traded are too small to be reasonably allocated to all clients

9.3 Cross Trades

In instances where the Investment Manager transfers securities between client portfolios (cross trade) the firm will ensure that such transfers are beneficial to both customers and are executed at a fair price, and that the trade is not subject to a specific prohibition.

Any such trades should be replete with a detailed rationale and subject to review within the firm.