



# AVELLEMly BEST EXECUTION

Policy

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# Introduction

## 1. Context

This document summarises how best execution is provided under relevant regulations by Avellemey Limited (“**AVL**”). AVL are regulated by the Financial Conduct Authority, and under the FCA rules, AVL is required to put in place a best execution policy (as stipulated by COBS 11 and MiFID), and AVL is also required to take all sufficient steps to obtain the best possible results (or “best execution”) for clients when executing orders or when placing orders with other entities for execution.

AVL offers to retail investors multi-asset funds, discretionary model portfolios, and a bespoke private wealth service. The application of the best execution principle is adapted to each of the products on offer.

## 2. Policy scope

All AVL clients will be treated as Retail clients for the purposes of best execution. AVL will always aim to achieve best execution.

### 2.1 Quality of Execution

When executing orders on our clients’ behalf, AVL will take all sufficient steps to achieve best execution. This Policy is designed to outline how AVL looks to obtain the best possible result for our clients, taking into account the AVL product offering involved, the nature of the order, and the type of asset that is being dealt as part of the order.

For each of the AVL product offerings, the requirements can be specific to the product offering. These could depend on but not limited to the contractual setup of the product offering, the entities involved in the provision of the offering to the client, the entity responsible for the investment management of the offering. For more details how each of the product offerings sets out to meet best execution requirements please see the Policy Requirements section below.

### 2.2 Specific Client Instruction

AVL will always aim to achieve best execution for all clients, however, if a client provides specific instructions in relation to how an order should be executed or in a specific security, AVL will execute the order (or order will be executed on our behalf) in accordance with those specific instructions, where possible. Providing specific instructions to AVL in relation to the execution of a particular order may prevent AVL from taking the steps set out in this Policy to obtain the best possible result with respect of the elements covered by those instructions.

### 2.3 Execution Factors

AVL is obliged to consider all ‘execution factors’ (as defined by COBS 11.2B.5) when connected to an order on behalf of the client. These factors are price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of an order. Therefore, AVL, or the entity responsible for meeting best execution on behalf of AVL must consider order type, characteristics of the underlying investment and the execution venue.

## 2.4 Order Aggregation

AVL may combine (or ‘aggregate’) two or more client orders. AVL would only aggregate a client order if it is unlikely to work to the overall advantage of the client. All aggregated trades will be allocated in accordance with treating clients fairly.

## 2.5 Consent

By appointing AVL to provide any of our product offerings or investing in any of our MPS / OEIC range, a client will be deemed to have accepted the terms of our best execution policy.

## 2.6 Client Request

AVL is required to demonstrate, at the request of a client, that it has executed their orders in accordance with this Policy. Upon request, AVL will endeavour to provide the client with the necessary information to demonstrate our adherence to this Policy for the required period.

# 3. Policy Objectives

The purpose of this Policy is to set the requirements to be applied across AVL providing a consistent and structured approach for best execution.

Our firm's best execution framework is guided by the principle of obtaining the best possible result for our clients, in compliance with the Financial Conduct Authority (FCA) rules in the UK. We are dedicated to transparency, fairness, and diligence in executing client orders.

# 4. Policy owner and review

This Policy is the responsibility of AVL's Chief Risk Officer (“Policy Owner”) who in turn may delegate responsibility for the day-to-day management of the Policy to the AVL Compliance function.

The Policy Owner is responsible for the implementation, review and embedding of this Policy. In addition, the Policy Owner is responsible for monitoring that this Policy is, and remains, effective by seeking reasonable assurance that the relevant risks have been identified and assessed and that the relevant controls are adequately designed and operating effectively.

# 5. Risk categorisation and risk appetite statement

## Risk categorisation

Best execution requirements are aligned to Ascot Lloyd's risk categorisation model as defined below. Further detail on this categorisation can be found within Ascot Lloyd's risk categorisation model.

The risk highlighted is categorised as being part of Legal and Regulatory risk, in particular:

**Level 1: Legal and Regulatory Risk:** the risk of financial or reputational loss as a result of lack of awareness or misunderstanding of, ambiguity in, the way law and regulation apply to the business; including change in regulation/new regulation materially affecting the business/market we operate in.

**Level 2: Compliance Framework:** the risk of incomplete, inaccurate and/or inappropriate interpretation and adherence to prevailing regulations and/or corporate governance requirements within an appropriately designed compliance/corporate governance framework.

## Risk appetite

AVL must operate within the bounds of the risk appetite set by the AVL Board at all times.

AVL has no appetite for failing to implement proportionate controls to oversee and monitor the achievement of best execution on client orders via third party trade execution providers in accordance with relevant order execution practices.

# Policy requirements

## 1 Avellemy Private Wealth

For Avellemy Private Wealth (“**APW**”) clients, AVL outsource the dealing, and order execution to Global Prime Partners Limited (“**GPP**”). GPP is responsible for meeting all best execution standards. GPP meet this requirement by having a robust order execution policy, which can be found on their website<sup>1</sup>, have internal monitoring processes that look at best execution, have adequate escalation processes for issues, and a robust issue resolution process. GPP provide regular management information reports to AVL on best execution, the quality of the best execution, and any issues found during the period.

AVL monitor the management information reports provided by GPP and have developed appropriate Key Risk Indicators around GPP best execution performance. The AVL Compliance team monitor the best execution data provided by GPP to ensure it is within our risk appetite and will escalate any issues to the Chief Risk Officer and Chief Investment Officer. The AVL Compliance team will also report to the AVL Investment Committee with an agenda item dedicated to best execution. Any issues will also be reported to the AVL Risk and Governance Committee.

### How best execution is met - APW

As the dealing and execution of all APW orders is outsourced to GPP, they are responsible to meet the clients’ best execution requirements on our behalf. AVL is then required to oversee GPP, and assess if GPP is deemed to provide best execution to APW clients.

Price/Cost/Speed of Execution – GPP will execute all client orders in-line with their order execution policy.

Due Diligence AVL conducts due diligence on GPP. Best execution, a review and assessment of the robustness of GPPs ability to meet best execution requirements is included as part of this due diligence.

## 2 Avellemy OEIC

The responsibility of meeting best execution requirements for AVL OEIC lies with AVL.

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<sup>1</sup> [Microsoft Word - GPP Order Execution Policy; v8.1; October 2023; website](#)

## How best execution is met - OEIC

Our Best Execution Policy relates to all instructions to acquire or redeem holdings within the AVL OEIC sub funds. AVL only trades at sub-fund level and does not issue instructions in relation to individual investor accounts. All trade instructions for the AVL OEIC sub funds are in line with the overall investment process for the AVL OEIC sub funds, which is set out in Appendix A.

Price – The primary consideration is to follow the AVL OEIC trading/rebalancing process, which is included in Appendix A.

All investment instructions are placed by AVL directly with the fund provider. AVL has an obligation to ensure that trades are placed in a timely manner and are compliant with our agreements with the Authorised Corporate Director (“**ACD**”).

Cost – Cash Management – part of AVL’s demonstration of meeting best execution for our AVL OEIC clients is having the portfolio be as fully invested as possible via cash management with consideration for liquidity requirements. Effective cash management, within the parameters setup as part of the investment process, aims to keep costs as low as possible overall, and unnecessary trading is kept to a minimum.

Speed of Execution – Trade instructions must be submitted in a timely manner, and in accordance with our agreements with our ACD and in line with the investment/rebalancing process in Appendix A.

## 3 Avellemey Model Portfolio Service (MPS)

The responsibility of meeting best execution requirements for AVL Model Portfolio Service (“**MPS**”) products lies with AVL.

### How best execution is met

For the MPS Portfolios, AVL will place all trade instructions with the Platform(s) on which the Model Portfolios are administered, in accordance with the agreement held between AVL and each Platform. AVL does not place any trade instructions directly with the unit trust managers or open-ended investment company managers. It is the responsibility of the Platform(s) to ensure the onward transmission of any instruction received from AVL to the Unit Trust Manager, Open-Ended Investment Company, Authorised Fund Manager, or Authorised Corporate Director. Each Platform has an obligation to execute orders in accordance with their Order Execution Policy. AVL has an obligation to ensure that instructions to trade are issued to the Platform(s) in a timely manner and are compliant with our agreements with the Platform(s).

Price – Managing the MPS portfolios within AVL’s management process, including rebalancing schedules and associated timescales for the MPS service is the primary consideration for the MPS service, and thus obtaining ‘best price’ is not AVL’s primary focus. The prices of units/shares purchased are calculated regularly according to their NAV calculation processes.

Cost – There might be a cost imposed by the Platform(s) for execution, and where possible, this should be disclosed to the client or available upon request. Costs could differ depending on the

Platform. Any such cost is platform specific and does not affect best execution provision from the perspective of AVL.

As part of AVL's demonstration of meeting best execution for our MPS clients is having the portfolio be as fully invested as possible. This is achieved by the Platform(s) own dealing and allocation processes.

Speed of execution – AVL's main consideration when submitting trade instructions is that they are submitted in a timely manner, in accordance with our agreement with Platform(s) and in line with the Avellemy MPS rebalancing process outlined in Appendix B:

It is the responsibility of the Platform to allocate trades to each investor linked to the Model Portfolio. Each Platform will provide confirmation to AVL when trades have been executed.

All investment instructions from AVL are placed with the Platform for execution and the Platform has an obligation to execute orders in accordance with their Order Execution Policy, ensuring that all required steps are taken to meet best execution for the client.

As part of annual due diligence, AVL reviews the order execution process for each Platform to which trades are submitted to ensure that the Platform is able to execute the trades effectively and in accordance with AVL's MPS execution process. Any procedural and/or regulatory gaps are escalated accordingly (see 'Reporting and Escalating Issues' section).

## 4 Avellemy Multi Manager OEIC – Third-Party Managers

AVL outsource the fund management of the sub funds within the AVL Multi Manager OEIC to a list of third-party managers. The responsibility of best execution for these sub funds is also outsourced to each of the third-party managers.

The Third-party manager will select the appropriate execution venue as outlined in their Order Execution Policy.

### How best execution is met

Price/Cost/Speed of Execution – Each third-party manager will manage the dealing and execution within their individual order execution policies.

As the dealing and execution on orders of the assets managed by the third-party managers is outsourced, each of the third-party managers is responsible to meet the clients' best execution requirements on our behalf. AVL is then required to monitor the third-party managers with regards to best execution and assess if each manager is deemed to provide best execution on our behalf. This is done through a due diligence process.

Due Diligence - AVL conduct annual due diligence on each of the third-party managers. As part of this due diligence, having appropriate policies in place in order to meet best execution requirements is included.

In order to satisfy AVL, the third-party managers will need to have and demonstrate the following but not limited to:

- robust order execution/best execution policies for the assets managed on behalf of AVL;
- robust escalation process in order to manage any best execution issues;

- provide attestations of the implementation of order execution/best execution policies.

## Governance and Oversight

AVL will actively monitor compliance with this Policy.

To assist with the comprehensive review of AVL's Best Execution arrangements, AVL has put in place a set of tools and processes aimed to satisfy our monitoring obligations and provide our clients with the best possible execution, including but not limited to:

### **A) Avellemy Investment Committee (All Entities)**

Management information is provided to the AVL Investment Committee on a quarterly basis with regards to Best Execution.

### **B) Best Execution report monitoring (APW)**

Best execution reports provided by GPP are monitored by AVL to assess if best execution has been achieved by GPP for AVL clients. Reports are analysed by the Compliance team with input from the APW Investment Managers. Any challenges are raised with GPP for response. Management Information is provided to the AVL Investment Committee on a quarterly basis.

### **C) Best Execution monitoring (Avellemy OEIC/MPS)**

Best Execution is monitored by AVL Investment Operations and Compliance. Given that these investment products will only be investing in collective investment schemes (i.e. funds) as outlined in above, the price, cost and speed are considered by AVL to be the primary execution factors. When these trades are executed within the pre-determined time parameters best execution has therefore been achieved. When trades don't meet these parameters (e.g. a trade is placed late or missed), an incident would be logged as part of AVL's Incident Reporting Framework, corrective action will be carried out, redress paid if applicable and it will be escalated via the appropriate channels.

### **D) Best Execution monitoring (Avellemy Multi Manager OEIC)**

As outlined in above, the responsibility of best execution for the sub funds is also outsourced to each of the third-party managers. These managers Order Execution Policy's are reviewed annually by AVL as part of periodic due diligence reviews. Any concerns can be flagged directly to the managers and will be escalated to AVL's relevant committees.

### **E) Cash management / cash monitoring (Avellemy OEICs)**

AVL Investment Operations monitor the AVL OEIC cash positions to ensure sufficient liquidity in the funds and the correct balance of investments. Investment Operations always aim to rebalance the cash position up or down to the 2% target. Any breach of the process will flag an incident and trigger a review by AVL Compliance and also notification to IFSL ('ACD') and the Custodian, resulting in corrective action, and further escalation where applicable.

### **F) Due diligence reviews (APW, Avellemy Multi Manager OEIC)**

Due diligence process and review of GPP and third-party manager best execution arrangements.



Due diligence reviews of GPP and third-party managers occurs on an annual basis.

## Reporting and Issue Escalation

Timely and effective escalation of risks and issues is central to Avellemey's system of governance and internal control. In relation to Best Execution; AVL Compliance collate Management Information ('MI') on trade related incidents and best execution data and report into the AVL Investment Committee and the AVL Risk Governance Committee. The relevant committee can raise further actions on best execution concerns/outliers, requiring follow up with any AVL department and/or external entities AVL is contracted with. These issues can then be evaluated at the highest level by executive and non-executive directors and tracked by the relevant business unit/(s) until the committee/(s) are satisfied. AVL monitors any external party to ensure they have internal reporting and escalation procedures in place.

# Appendix

## Appendix A

### AVELLEMY OEIC INVESTMENT/TRADING/REBALANCING PROCESS

#### Investment Process

- Allocation to funds is influenced by AVL’s Strategic asset allocation process, which typically occurs annually. Fund selection is determined by Avellemey Limited.
- Cash inflows and outflows are allocated to the appropriate model asset classes.
- Trade instructions are placed by our Operations team via Calastone.
- Our Authorised Corporate Director (“ACD”), IFSL, has the responsibility of settlement and all other operational responsibilities of any trades placed on the Avellemey OEIC sub funds.

#### Trading and Rebalancing Process

- Instructions to trade will be submitted by AVL with the fund providers.
- Trade instructions may include; an instruction to buy or sell units/shares in a fund, an instruction to allocate units to cash, or the instruction to rebalance the fund holdings.
- Instructions are submitted based on the value calculated or unit held.

## Appendix B

### INVESTMENT/TRADING/REBALANCING PROCESS

#### Investment and Rebalancing Process

- Instructions to trade within the MPS portfolios are submitted once per quarter on a discretionary basis.
- Instructions are submitted online, within each Platform portfolio tool, based on the percentage holding within the MPS.
- Trade instructions provided to the Platform(s) include: an instruction to buy or sell units/shares in a fund, or the instructions to rebalance an MPS portfolio.
- Platforms will execute the trade instructions as per their individual Order Execution Policy

AVL only provides trade instructions to the Platform(s) at the Model Portfolio level and does not issue instructions in relation to specific client accounts.