



# Aberdeen Standard Capital Limited

Order Execution Policy  
28 November 2017

## Introduction

This document sets out the Order Execution Policy (“Policy”) and approach to providing best execution as required by the Markets in Financial Instruments Directive II 2014/65/EC (MiFID II), on behalf of the clients of Aberdeen Standard Capital Limited and Aberdeen Standard Capital International Limited. When this document refers to “Aberdeen Standard Capital”, ‘the firm’, “we” or “our” it is including the following legal entities:

- Aberdeen Standard Capital Limited
- Aberdeen Standard Capital International Limited

MiFID II requires Aberdeen Standard Capital to take all sufficient steps to obtain the best possible outcome for its clients (“Clients”). The overarching obligation to obtain the best possible result for clients is referred to, in this document, as our obligation of “Best Execution”.

Aberdeen Standard Capital invests in financial instruments including securities for its Clients. The operation of the execution of deals (but not the responsibility by ASC/ASCI) has been outsourced. Aberdeen Standard Capital transmits and places orders with Standard Life Investments Limited, Standard Life Savings Limited/ FNZ and Platform Securities LLP (“Our Suppliers”) in accordance with processes and procedures agreed with Aberdeen Standard Capital. This document outlines Aberdeen Standard Capital’s Policy. Our Suppliers’ processes and procedures comply with Aberdeen Standard Capital’s Policy where they undertake activities in executing trades on our behalf. The Portfolio Managers responsible for managing clients’ portfolios have no influence over the choice of broker or execution venue. All orders follow the order execution policies of each of Our Suppliers and each of their policies is designed to achieve Best Execution.

The use of more than one entity to execute deals may give rise to a potential conflict of interest. For example, a Portfolio Manager may manage client portfolios that use Platform Securities LLP (“PS”) and client portfolios that use Standard Life Investments Limited to execute deals. In this instance, a potential conflict of interest may arise as the result of a decision to place a trade in a security in portfolios which use different entities to execute deals, which in most cases will mean releasing deals into the markets at different times, therefore achieving potentially different prices. Furthermore, each dealing venue may adopt different strategies for placing the deals into the market, resulting in different prices being obtained for different clients. However, each of the entities seek to independently achieve best execution (and in line with this Policy) and there is no dialogue or communication between Our Suppliers with respect to dealing decisions.

A Portfolio Manager may decide to deal on a specific stock across a number of client portfolios, having regard to the suitability of the transaction for each portfolio. This may give rise to a potential conflict of interest, if deals are released individually into the

marketplace, therefore achieving potentially different prices for different clients. However, all deals are placed with the intention of achieving the best outcome for each client, in accordance with the Financial Conduct Authority’s (“FCA”) Order Execution Factors, and no client will be preferred ahead of others, in terms of what price could be achieved. Deals in the same security for different clients may be amalgamated together before being released to Our Suppliers.

It is noted Aberdeen Standard Capital delegates execution of deals to Our Suppliers (as referred to above).

## Policy Owner and Approvals

Material changes to the Policy are approved by the Aberdeen Standard Capital Investment Oversight Committee (“ASC IOC”) and are reported to the Aberdeen Standard Capital Executive Committee (“ASC EXCOM”). Any material change that affects our ability to obtain best possible outcomes for the execution of Client orders will be communicated to Clients and would give rise to a review of the Policy.

The Policy is reviewed and approved by the ASC IOC at least annually. Exceptions to this Policy are also approved by the ASC IOC.

## Definitions

Financial Instruments	Defined under MiFID II, or the relevant laws, regulations and rules in the U.S.A.
Professional Clients	Defined under MiFID II.
Retail Clients	Defined under MiFID II.
Trading Venue	‘Trading venue’ means a Regulated Market, a Multilateral Trading Facility (MTF) or an Organised Trading Facility (OTF).
Regulated Market	A multilateral system operated and/or managed by a market operator, which brings together or facilitates the bringing together of multiple third-party buying and selling interests in financial instruments – in the system and in accordance with its non-discretionary rules – in a way that results in a contract. Regulated markets are usually referred to as “exchanges”.

## Scope

The Policy applies where Aberdeen Standard Capital manage investments in **Financial Instruments** on behalf of Clients classified by Aberdeen Standard Capital as **Retail** or **Professional Clients**.

The Policy applies to all order execution on behalf of Clients of Aberdeen Standard Capital through an approved execution venue used by Our Suppliers.

<sup>1</sup> Please see RTS 28 for details of specific criteria.

## Oversight and Control

It is the responsibility of all Portfolio Managers and dealers involved in raising and executing orders to understand the firm's obligations as they relate to Best Execution under the relevant legislation.

The Portfolio Managers, Investment Team, Client Investment Governance, Aberdeen Standard Capital Operations team and Risk & Compliance all have a role to play in overseeing the Policy.

The ASC IOC is the body with primary responsibility for oversight of Best Execution. The ASC IOC is supported in this role through oversight of Third Party Supplier Service Level Agreement arrangements by ASC Operations and oversight of client investment activity reviewed by the Aberdeen Standard Capital Investment Control Risk & Exposures Committee.

## Order Execution

When arranging execution of orders on Aberdeen Standard Capital's Clients' behalf, Our Suppliers will take all sufficient steps to execute orders on terms most favourable to its Clients, taking into account the execution factors and criteria defined below.

## Order Execution Factors

Our Suppliers will execute orders having assessed execution factors such as price, costs, speed, likelihood of execution and settlement, size, credit worthiness of the institution where the trade is placed, performance of the execution venue or counterparty, nature of the order or any other consideration relevant to the execution of the order.

In determining the relative importance of these factors, Our Suppliers will either take into account criteria such as the nature of the client mandate, the nature of the order, the characteristics of the financial instruments to which the order relates and the execution venues to which the order may be directed or execute the order directly in the case of Platform Securities LLP.

The relative importance of the execution factors will therefore vary considerably between different orders and financial instruments. However established processes ensure the importance of the factors considered are appropriate for the different circumstances. Our Suppliers will also consider an executing counterparty's proven ability to execute a desired trade competently while managing risk appropriately, and adhering to regulatory requirements when selecting a trading counterparty. This will apply to all types of financial instruments.

When executing, or arranging execution on behalf of a retail Client, our provision of Best Execution will be determined primarily in terms of "Total Consideration".

Total Consideration is the price of the relevant financial instrument, plus the costs related to execution. These costs will include all expenses incurred which are directly related to the execution of the order (such as execution venue fees, clearing and settlement fees and any other fees paid to third parties involved in the execution of the order).

Under the rules, Total Consideration is the defining execution factor for retail Clients. For retail Client orders, the Execution Factors (as defined above) including liquidity will also be considered, as discussed in the rest of this Policy, but will be given precedence over the immediate price and cost consideration only insofar as they are instrumental in delivering the best possible result in terms of the Total Consideration to the Client.

Written Client consent to the Policy and execution of orders outside a regulated market or MTF will be obtained through the Client's Investment Management Agreement or directly prior to executing orders as 'express consent'.

## Monitoring and Review

We monitor our order execution arrangements to ensure we are obtaining the best possible result for Clients. We receive regular Best Execution updates from Our Suppliers, having satisfied ourselves through our governance framework that the underlying information reviewed and analysed is sufficient to support the best execution conclusions made in each statement.

Incumbent on Aberdeen Standard Capital under their duty to treat clients fairly is the obligation to seek Best Execution in all client transactions. Under MiFID II, "Investment firms shall take all sufficient steps to obtain the best possible result for their clients taking into account the execution factors of price, cost, speed, likelihood of execution or any other consideration including qualitative factors when assessing the quality of execution".

We expect Our Suppliers to be evidencing their Best Execution arrangements and to provide details of what this entails within their own published order execution policies. As a minimum, we would expect this to cover quantitative analysis, selection and review processes for brokers, details of any specialist modelling or pricing tools used and both quantitative and qualitative assessments of quality of execution. We would also expect Our Suppliers to continually monitor their counterparties' financial positions and performance to ensure that they continue to achieve the best results for Clients.

Aberdeen Standard Capital will conduct periodic reviews of Our Suppliers to assist in meeting its obligations to seek Best Execution. This will involve the following as appropriate

- reviews of execution effectiveness and quality based on information obtained from suppliers (including their execution venue reviews);
- trade exception reports with information including trade details, reason, justifications etc;
- audit and risk & compliance reviews of execution arrangement by using sample analysis and trade cost analysis data provided by independent third parties;
- reviews of any provisions or special arrangements deployed for stressed market or liquidity conditions or for material-change events;

- regular updates summary on system and operational functionalities, technical enhancements, and back office settlement criteria; and
- reporting to various governance bodies covering all best execution related topics including the appropriateness and adequacy of the best execution desk procedures.

## Conflicts of Interest

A conflict of interest is defined as any situation where the interests of the firm, including its managers and employees, conflict with those of a Client, or where there is a conflict between Clients of the firm. The duties of individual employees when conflicts of interest arise are set out within each individual's contract of employment and internal policies.

All Company employees are responsible for the identification of conflicts of interest and for highlighting to their Line Manager and, where necessary to the Risk and Compliance Department. The Standard Life Aberdeen's Global Code of Conduct places responsibility on all employees to address conflicts. If a manager has any doubts or concerns regarding a potential conflict of interest, they should contact the Risk and Compliance Department to seek guidance on the matter.

The Aberdeen Standard Investments Risk & Compliance department maintains a schedule of actual or potential conflicts of interest, including the arrangements in place for managing those conflicts. The schedule is subject to at least an annual review and approval by ASC EXCOM.

## Specific Instructions

Subject to our agreement in each individual case, where a client gives us a specific instruction as to the execution of an order, the relevant part of that order will be executed in line with those instructions. In acting on specific client instructions our ability to take the steps we have designed to ensure we obtain the best possible result may be impaired.

## Related documents:

Platform Securities LLP Order Execution Policy  
 Aberdeen Standard Investments Order Execution Policy  
 Standard Life WRAP Order Execution Policy  
 Investment Management Agreement

## Order Execution and Handling

Typical information relating to execution venues and processes along with specific handling of the various asset classes by Our Suppliers is detailed within Appendix 1 of this document, which can be made available on request, as well as being covered within their own order execution policies.