

octopus

A brighter way

Order Execution Policy

Version 4.2

April 2023

Purpose

Octopus Investments Ltd ('Octopus') is required to take all sufficient steps to obtain the best possible results for their clients when executing orders. This document sets out Octopus' approach to providing the best possible result when executing client orders.

The following sections contain information on how we execute orders. Our arrangements vary depending on the type of security we are executing (e.g., equity, exchange traded funds etc). The Annexes provide important information relevant to each security type.

Scope

Clients

This Policy applies to business conducted for clients which have been categorised as Retail and Professional clients under the FCA rules. Where Octopus executes orders for Eligible Counterparties, it does not owe a duty of best execution. Nevertheless, the Policy provides details relevant for eligible counterparties as to how Octopus executes transactions and handles trade requests.

Financial Instruments

This Policy only applies to transactions conducted in instruments falling under the scope of 'financial instruments' under the FCA rules. It will cover the following classes of financial instruments:

- Cash equities
- Units in Collective Investment Schemes
- Unquoted shares and 'over-the-counter' ('OTC') products (including OTC derivatives)

Execution outside trading venue

Octopus may execute all or part of your order outside of a Regulated Market or Multilateral Trading Facility (MTF). This allows us the flexibility to choose from a wider range of execution venues, increasing the chances of being able to obtain the best possible result when we execute orders on your behalf.

For orders we place on your behalf, we will treat you as having provided us with consent not to publish any unexecuted limit orders. This is because the publication of such orders could lead to a poorer result when executing orders.

Execution Factors

In order to achieve the best possible result on a consistent basis, Octopus will take into consideration a range of different factors to determine the manner in which your order will be executed, including:

- Price
- Size and nature of the order
- Likelihood of execution
- Speed, meaning the time taken to execute an order
- Likelihood of settlement, meaning likelihood of the completion of the transaction
- Costs, meaning explicit costs such as fees, commissions and implicit costs such as market impact
- Any other factors relevant to the efficient execution of the transaction.

In addition, Octopus will take into consideration the following factors to determine the importance of the respective execution criteria:

- Client characteristics and regulatory classification of the client
- Characteristics of the transaction
- Characteristics of the respective financial instruments subject to that order
- Characteristics of the execution venues where orders might be directed.

Execution venues and factors

Octopus may use one or more of the following venue types when executing an order:

- Regulated Markets
- Multilateral Trading Facilities (MTFs)
- Organised Trading Facilities (OTFs)
- Systematic Internalisers (SIs)
- Liquidity pools
- Own sources of liquidity, third party investment firms, brokers, market makers or other liquidity providers and/or non-EU entities performing similar functions.

Trading venues are chosen having regard to the following factors, with the aim of providing the best possible result when executing client orders:

- Liquidity and prices: It is beneficial for Octopus to select and execute on liquid and price-efficient venues. Other venues may offer prices which improve on those offered by our existing venues or the ability to trade significant additional size at similar prices to those offered on existing venues. We expect liquidity and price to be closely (but not exclusively) associated with the market share the venue commands.
- Credit and settlement risk: Octopus will, in general, not select a venue if Octopus is not able to determine the obligations (of

Octopus and the counterparty) to settle a transaction and to resolve failed settlement.

- Performance/Speed of access/likelihood of execution: includes the following metrics but is not limited to: low latency for speed and order controls, liquidity, fill rates, price improvements, etc. and likelihood of the execution/completion of the transaction.
- Costs: Fees that are charged by an execution venue influencing the costs incurred by our clients.

Transmission of orders

In general Octopus passes client orders on for execution to another financial services organisation for execution (e.g. a broker). We will regularly review our broker selection to consider whether, overall, we can deliver the best possible result when executing client orders.

Order Handling

Aggregation of orders

Octopus may combine client orders with orders of other clients to carry them out as aggregated orders (block orders). In some circumstances, this may be disadvantageous for the individual order, e.g., due to a decreasing probability or speed of execution, respectively. In such cases Octopus will deal with aggregated orders in accordance with its Allocation Policy which seeks to ensure that orders are aggregated and allocated fairly.

Specific client instructions

We will always aim to achieve Best Execution for you. Though Octopus does not usually accept specific client instructions where we do agree to accept these, it may prevent Octopus from obtaining the best possible result for you in respect of the elements covered by your instruction (for example, instructing us to use a specific venue or broker).

Monitoring and review

Octopus will monitor and assess the effectiveness of its Execution Policy and its execution arrangements at least annually, and whenever a material change occurs that may affect Octopus' ability to continue to obtain the best overall result on a consistent basis.

On an ongoing basis, Octopus will consider whether the execution venues and brokers used by provide for the best overall execution result.

Annex 1: Cash Equities

This annex sets out Octopus' approach for achieving best execution when executing orders for clients in cash equities.

1 Prioritisation of Execution Factors

How an order is executed can be affected by various factors. To select the most appropriate method of execution, the following factors will be considered in order to obtain the best possible result for orders executed on behalf of clients:

1. Price
2. Costs
3. Speed
4. Likelihood of execution
5. Size of the order
6. Liquidity
7. Nature of the order
8. Settlement / Counterparty risk
9. Any other consideration relevant to the efficient execution of the order

Each of the above factors will not necessarily be given equal weighting or importance in our evaluation of how to obtain the best possible outcome in terms of execution. We will determine the relative importance of these factors with reference to the following:

1. Characteristics of the client, including their regulatory client classification
2. Characteristics of the financial instrument that is the subject of the order
3. Characteristics of the venues to which the order can be directed

Depending on the liquidity size of the share traded Octopus will employ different execution factors:

A Tick size liquidity bands 5 and 6 (from 2,000 trades per day)

1. Price
2. Speed
3. Size of the order
4. Settlement / counterparty risk
5. Nature of the order
6. Likelihood of execution

7. Liquidity
8. Costs
9. Any other consideration relevant to the efficient execution of the order

B Tick size liquidity bands 3 and 4 (from 80 to 1,999 trades per day)

1. Nature of the order
2. Size of the order
3. Price
4. Likelihood of execution
5. Liquidity
6. Speed
7. Settlement / counterparty risk
8. Costs
9. Any other consideration relevant to the efficient execution of the order

C Tick size liquidity band 1 and 2 (from 0 to 79 trades per day)

1. Nature of the order
2. Liquidity
3. Likelihood of execution
4. Size of the order
5. Price
6. Speed
7. Settlement / counterparty risk
8. Costs
9. Any other consideration relevant to the efficient execution of the order

2 Specific Instructions

Where clients provide us with a specific instruction to deal, we will take all reasonable steps as possible in accordance with those instructions to obtain the best outcome for that client. However, specifics of the instruction may prevent us from taking the steps that we have put in place which are designed to obtain the best possible results in terms of executing that order.

3 Execution Venues

We will direct orders to the venue we believe will provide the best possible outcome. This may be any one of:

1. Regulated markets
2. Systematic internalisers
3. Market makers or liquidity providers
4. Multilateral trading facilities (e.g.: dark pools)

We regularly assess the execution venues available and may add or remove venues in accordance with our obligation to provide clients with the best overall result on a consistent basis.

Below we summarise the lead execution venues that are used by Octopus for trading in Equities. From time to time, we may use additional venues if we believe that to do so will result in the best overall execution result.

- Arden Partners
- Berenberg
- Barclays Capital Securities
- BTIG
- Canaccord Genuity
- Cantor Fitzgerald
- Cenkos
- Davy
- FinnCap
- Goodbody
- Hobart Capital
- Investec
- Jefferies
- Liberum
- Liquidnet
- N+1 Singer
- Numis
- Panmure Gordon
- Peel Hunt
- Royal Bank of Canada
- Shore Capital
- Stifel
- WH Ireland Partners
- Winterflood Securities
- Zeus Capital

Annex 2: Collective Investment Schemes

In general, there is no secondary markets for units or shares in Collective Investment Schemes therefore Octopus will place an order (or instruct a third party to place an order) to deal directly with the fund provider/issuer. Transactions in units or shares in CIS are generally transacted at the prevailing net asset value of the collective investment scheme.

Annex 3: Unquoted Investments

This annex provides further details with regards to how we approach execution in relation to unquoted investments or over the counter financial instruments (“OTC”).

When trading in unquoted investments or OTC products Octopus will check the fairness of the price proposed to the client when executing orders or taking decisions to deal, including bespoke products. This can be done by one or more of the following factors:

- gathering market data used in the estimation of the price of such products or investments
- where possible and appropriate by comparing with similar or comparable products or investments
- by internal (e.g., discounted cashflow modelling) or external valuation processes