

## BEST EXECUTION POLICY

The firm is obliged to take all reasonable steps to obtain the best possible result for clients when executing, transmitting or placing client orders and must take into account price, cost (to client), speed, likelihood of execution and settlement, size, nature and any other consideration relevant to the execution of the order.

For most of our clients, best execution will primarily be a case of achieving the best price as most of the orders we receive are standard in terms of instrument, settlement period, size and nature of order. Other features of the order will be considered where relevant.

We will make direct telephone contact with a market maker as we believe that this method gives us the best opportunity to satisfy the criteria above. It also allows us to confirm the price prior to dealing and any additional client requirements such as non standard market size, non-standard settlement terms etc can be agreed at the time of the transaction. Farley & Thompson will review its best execution policy annually and if necessary, on an ad hoc basis.

### Execution Venues and process

The table below shows the venues and process that we use for each investment class.

In selecting one main execution venue (London Stock Exchange), the firm is confident that it is able to satisfy its obligation to obtain the best possible result for our clients on a consistent basis in the vast majority (estimated at 98%) of all transactions. In addition, our dealing commission is charged at a standard rate, regardless of venue.

Type of Instrument	Process	Venues Considered
UK equities, warrants, preference shares and exchange traded funds listed on the London Stock Exchange (Official List and AIM) and Plus Markets.	Telephone contact with market maker and matching 'yellow strip' price.	London Stock Exchange and their member Firms. The top ten firms used include, but are not limited to, Merrill Lynch, Winterfloods, ODL Securities, Barclays Capital, KBC Peel Hunt, Evolution Securities, Collins Stewart and ABN Amro.
UK Government and Corporate Bonds	'In competition' between two market makers.	Off market with participating market makers. The top five firms used include Winterfloods, Barclays Capital, HSBC and Collins Stewart.
Unit Trusts / OEICS	Electronic via institutional funds platform or direct to trust manager.	Cofunds Individual trust/OEIC manager
Overseas securities	Best efforts basis, in competition if possible.	Market counterparty transacting on our behalf on a non-UK exchange.

**Normally deals are done on the basis of settlement ten days after the trade date for investments held in certificated form; in these circumstances you may be charged a premium to the quoted market price. We will endeavour to inform you at the time of trade if this is the case.**

## CONFLICTS OF INTEREST POLICY

In accordance with FSA rules, we are obliged to establish, implement and maintain a conflicts of interest policy. This policy details the potential material conflicts that have been identified and the procedures and measures adopted to manage them.

The firm has policies for identification of conflicts, recording of conflicts and managing of conflicts. The potential material conflicts identified and managed are as follows:

Possible conflict	Procedures and measures
<b>Personal account (PA) dealing</b> - Staff may undertake PA dealing which could result in 'front-running' or another means by which the firm's employees benefit at the expense of clients.	A full Personal Account Dealing policy is in place and employment terms and conditions require adherence to this. The firm's partners monitor adherence to this policy and client orders and other interests receive priority at all times.
<b>Principal business</b> – The firm dealing for its own account may conflict with client dealings.	Farley & Thompson has made a commitment not to deal for the firm's own account except in exceptional circumstances (such as correcting an error).

We have not identified any other potential conflicts of interest.

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