SmartIM
a Morningstar company

Best Execution Policy

Smart Investment Management Limited

For professional advisers only

April 2022

Smart Investment Management Limited is authorised and regulated by the Financial Conduct Authority under reference 627829. Registered in England and Wales under company No. 08704800 with a registered office address of 1 Oliver's Yard, 55-71 City Road, London, EC1Y 1HQ. Smart Investment Management Limited is part of Morningstar, Inc.

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1. Background

"Best Execution" refers to the responsibility of Smart Investment Management Limited ("SIM") to take all sufficient steps to provide the most advantageous order execution for our clients. The purpose of this policy is to inform all clients about SIM's approach to providing Best Execution.

SIM do not provide execution services directly to clients and typically transmit instructions to other FCA regulated entities for onward transmission or execution. SIM reserve the right to vary any aspect of this policy without notice.

2. Order placement

Due to the nature of our business, orders are typically generated by investments, disinvestments or an adjustment to the investments selected by the SIM investment team.

3. Order execution factors

SIM rely on other FCA regulated parties for the execution of orders on your behalf and where required will monitor their performance in relation to this. The following range of factors are considered when placing an order:

- Price (normally considered the most important factor);
- Cost, including commission and other charges;
- Speed of execution;
- Likelihood of execution and settlement;
- Size and nature of order (this will be dependent on the ability of venues or brokers to manage the execution and the speed and efficiency of the settlement process, post execution);
- Liquidity for the relevant instrument; and
- Any other considerations relevant to the execution of the order.

4. Order execution policy

Where required under FCA Rules we monitor Best Execution arrangements on a regular basis. We will execute trades only for Professional clients.

Dealing on behalf of the Valu-Trac Smartfund (CIS)

We submit orders to Valu-Trac as ACD of the Smartfund CIS and rely on their best execution policy.

Dealing on behalf of the Smart range of Model Portfolios

We submit changes to the model portfolio weightings on the Morningstar Wealth Platform, these changes may:

- be aggregated with changes submitted by other investment managers
- not lead to any physical trading
- are placed in accordance with Morningstar Wealth Administration Limited (WAL)'s Investor Terms and WAL's Best Execution policy.

5. Order execution venues

The venues where trading takes place are directed by the entities listed in Section 4. Those companies are required to compare different venues to each other to assess best available prices.

The assets traded are:

- Exchange traded securities:
    - Equities;
    - Exchange-traded funds (ETFs) & investment trusts;
    - Exchange traded commodities;
    - Government bonds;
    - Corporate bonds;
- Collective investment schemes;
- Structured products.

6. Order execution timescales

Throughout the execution of your orders, we cannot be held accountable for any third-party failures.

We do not owe you any fiduciary responsibilities over and above our regulatory obligation to provide you with Best Execution or as otherwise specifically agreed with us.

Regulations require us to take sufficient steps to provide you with the best possible result on a consistent basis. Whilst we will robustly monitor the achievement of Best Execution, we cannot guarantee that we will achieve it for every order where we act on your behalf.

7. Client order handling, aggregation & allocation

Order handling & aggregation

- SIM expect client orders to be executed in a timely manner and comparable client orders promptly and sequentially, unless the characteristics of the order or prevailing market conditions make this impossible or the interests of the client dictate otherwise.
- When appropriate, WAL may aggregate buy or sell orders in the same asset for execution. If your order is to be aggregated with other client orders, this may work to your disadvantage. WAL will only aggregate orders if it reasonably believes that doing so would benefit all clients when taking into due consideration the Best Execution factors. When allocating an aggregated transaction, which includes one or more clients' orders and allocate the order on an equal basis, which WAL consider gives the fairest possible outcome.
- SIM will only trade as agent, not as principal.

Dilution levy or exit charge

Aggregation of orders can lead to a large transaction in an individual asset. Such aggregation runs the risk of a fund manager applying a dilution levy to the transaction. A dilution levy is an extra charge made by fund managers to offset any significant movement in the price of a fund that may be generated by a large order. Any such levies are not under the control of Morningstar Wealth Platform and are normally expressed as a percentage of the value of the deal.

If a dilution levy is applied to an aggregated order, it is apportioned to the individual orders in proportion to the units bought or sold on that order.

Exit charges may be applied on orders by fund managers when a sell transaction is executed. They are normally set in advance as described in the terms and conditions of a fund.

Limit orders

SIM do not support the request of limit orders.

8. Cancellation

We reserve the right to cancel an order without notice where we believe this is sufficiently justified. This may include, but is not limited to, circumstances where we are requested to do so by our counterparty or the relevant exchange, or where we believe there may be potential market abuse.

We will not be liable for any loss you incur because of the cancellation of an order in these circumstances. If multiple orders are processed, we will apply charges separately to each deal.

9. Monitoring and reviewing

We will review the effectiveness of our Best Execution Policy, either annually or more frequently if a material change occurs. We may change it if it is in our clients' best interests to do so. We will notify you of any changes pertinent to you. Changes will come into effect the next time that you trade using the platform.

If you wish to discuss the contents of this policy or have any further questions, please call our client services team on 44 (0)808 178 5125.

We will make information available on our main execution venues in accordance with our regulatory requirements. In addition, we will also annually make publicly available information regarding the quality of execution of certain financial instruments on a given trading venue. This information is available on our website at https://morningstarwealthplatform.com/smart-im/regulatory-and-policies/

10. Consent

Where required under FCA Rules we are required to obtain your prior consent to this Policy when we execute an order on your behalf. You will be deemed to have provided such consent when you instruct us to act on your behalf in relation to an order.

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For further information please call client services team on 44 (0)808 178 5125. Telephone calls may be recorded for training and security purposes.