

NEW CITY INVESTMENT MANAGERS LIMITED

Order Handling Policy

We are committed to helping you make informed investment decisions. One way we do this is to explain how we will handle your investment instructions. Further details are contained in our terms and conditions¹.

Our Approach to Order Handling

We will endeavour to arrange the completion of your order in accordance with the following policy.

We will take all reasonable steps to obtain the best possible results when completing a buy or sell order for you.

To do this, we rely on three core components:

1. State-of-the-art technology for routing, completion and monitoring orders.
2. Careful consideration of the elements of order execution.
3. Regular examination of overall execution quality.

Trading Venues

We have carefully considered the available trading venues for your orders and have selected the following organisations as being able to provide the best possible result on a consistent basis.

For UK trades: orders in respect of shares in UK listed companies will be routed to the associated Member Firms of the London Stock Exchange, PLUS Markets, Virt-x and AIM (including Retail Service Providers (RSPs) and Market Makers); we reserve the right to route orders to investment firms who perform the same function as RSPs and Market Makers outside a formally regulated Market or Multilateral Trading Facility. For ease of reference we refer to all of these as "market counterparties".

UK Markets

(a) We use automated systems to request quotes from a large number of market counterparties. Upon receipt of these quotes we will automatically ascertain the best price available from those returned and then transmit your order to the appropriate market counterparty who will execute it at that price.

(b) For orders which cannot be completed automatically, for example because the size of your order is greater than that available from our market counterparties to trade electronically, you will be given the option of routing the order to one of our dealers who will then contact a market counterparty and negotiate the order on your behalf. Where appropriate the dealer will obtain multiple price quotes to determine the best price available.

Key Factors

There are a number of factors including price, costs, speed, likelihood of execution and settlement, size and nature of your order which could affect the outcome. We will take all of these into account, although the principal factors used to determine how your order is carried out are:

Price. We understand that price is probably the most important element and endeavour to achieve the best possible result for your order, taking into consideration elements such as the size and nature of the order.

Speed. We seek to provide you with a facility that allows you ability to complete your order as quickly as possible to minimise the risk of the market moving against your interests.

Purchases: Shares are acquired either in the stockmarket, or where appropriate, through the issuing of new shares by the Companies, whichever method would be cheaper to the investor, as stated in the Key Features Document.

Regular Review of Completed Orders & Order Handling Policy

We regularly evaluate the overall quality of completed orders to ensure our high standards are maintained and will take appropriate action if a process can be enhanced.

We will carry out a review of our Order Handling Policy on at least an annual basis to ensure that it allows us to obtain the best overall outcome for our clients. If, as a result of such review, we make any changes to our policy the revised policy will be published on our website. Any material changes will be dealt with in accordance with our terms and conditions.

¹ In the event that there is a conflict between this policy and our account terms and conditions, the terms and conditions will take precedence.

Conflicts of Interest Policy – Summary

We have set a policy on the management of conflicts of interest with the objective of taking all reasonable steps to identify and manage conflicts that may arise, which might result in a material risk to the interests of our clients.

Our approach has been to identify those aspects of our service, including how we interact with other Lloyds Banking Group companies and third party suppliers, which could result in a conflict between your and our interests, or between the interests of different clients.

Below is a summary of those types of conflicts and the way we manage them. In all cases we believe that our current organisational arrangements, systems and controls provide an effective way of preventing your interests being unfairly affected.

Decision Criteria for Dealing

We have in place an Aggregation and Allocation Policy, which sets out the criteria by which aggregated client orders are managed and promptly allocated to individual client accounts.

In addition, all client orders are dealt in a timely manner and in fair and due turn. No unfair priority is given to orders from other clients, colleagues or from other parts of the Lloyds Banking Group.

Confidentiality and Protection of Inside Information

We operate information barriers which limit the flow of potentially price sensitive information between colleagues and different areas of the Lloyds Banking Group. Our internal dealing rules prevent colleagues in possession of price sensitive information from taking advantage of that information by dealing in the respective security, or arranging for someone else to do so on their behalf.

Organisational Arrangements

The organisational structure we have implemented provides for the segregation of duties and so prevents conflict arising through inappropriately apportioned roles and responsibilities by ensuring that no one individual can exercise inappropriate influence over a particular process.

Though we are part of the Lloyds Banking Group, we do not receive any details of commercial arrangements entered into by other parts of the Lloyds Banking Group, e.g. loans, financing, acquisition or merger activities extended to individuals, partnerships or companies. Nor are we subject to any other conflicts arising from the structure of business activities of other members of the Lloyds Banking Group.

Our management team operates independently from other Lloyds Banking Group companies and there are appropriate controls on cross-board membership. If we were to acquire information that gave rise to a conflict of interest in a Lloyds Banking Group context, we would take steps to manage that conflict.

The dealing arrangements for personnel of key service providers can be relevant to our conflict management responsibilities. Potential conflicts are controlled in these circumstances through the use of contractual provisions together with regular monitoring of the dealing arrangements of the staff of these providers.

Personal Conflicts

Contracts of employment prevent colleagues from accepting roles or directorships with companies outside the Lloyds Banking Group, including those with whom we have commercial relationships, unless prior approval has been received from the divisional CEO.

We are mindful that a conflict may arise should colleagues have other business interests which involve clients who are also Lloyds Banking Group clients, or which conflict with their duties to Halifax Share Dealing or Lloyds Banking Group. Potential conflict may in theory also arise where our colleagues have friends and relatives who are clients of Halifax Share Dealing. To overcome this type of potential conflict we have specific internal controls and dealing arrangements which also comply with FSA rules.

We do not display preference to any client, group of clients or clients who are also colleagues, over another in the provision of our dealing and safe custody services.

In addition to the above, colleague bonus and remuneration arrangements are carefully considered to ensure that conflicts do not inadvertently arise through inappropriately set targets. Furthermore, an internal Whistleblowing Policy is in operation which affords colleagues a high level of protection should they report any wrongdoing by others.

Selection of Suppliers

We prevent conflicts arising regarding the selection of suppliers by refusing to accept or provide fees, commissions and non-monetary benefits which do not directly enhance the service offered.

Any personal relationships are disregarded in the selection of service providers, agents, third party suppliers, distributors and equity partners to prevent inappropriate selection.

Commission and Income Disclosure

We earn income from:

- commissions and fees that we may charge to you;
- interest we earn on monies held pending investment or in the course of settlement, and
- when carrying out a trade in a collective investment, such as a unit trust or OEIC, the product provider may pay us an annual commission while you continue to hold the investment and in some circumstances an initial commission following completion of your investment. These payments, where received, allow us to waive the transaction charges and, in some cases, the account charges that we would normally levy.

The charges that we make and the interest rates that we pay on balances held are detailed in our brochure and our website.

In some cases, dealing charges which we apply to your trades may be shared with other members of the Lloyds Banking Group or other third parties. We will not show details of any remuneration or sharing arrangements of this kind on your contract note but, if you ask us to, we will make them available to you. In any case you will not be liable to pay more commission than is disclosed in our brochure.

We acknowledge that gifts and entertainment arrangements common in the stockbroking industry, may give rise to adverse influence. We address this by limiting the receipt of gifts/entertainment to that of a non-material nature.

Summary

The above summary reflects our detailed Conflicts of Interest Policy that is in place to ensure fair treatment for our clients through the effective management of potential conflicts. We are not aware of any further material conflicts of interest. A full copy of the Conflicts of Interest Policy is available on request.

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