

**EDGEFIELD CAPITAL  
MANAGEMENT LIMITED**

**BEST EXECUTION POLICY**

**SEPTEMBER 2018**

## **1.0. Introduction**

This document sets out the Policy and approach to providing best execution. EDGEFIELD CAPITAL MANAGEMENT LIMITED ('EDGEFIELD' 'OR' FIRM) is expected to take all reasonable steps to obtain the best possible result for its clients, taking into account price, costs, speed, likelihood of execution and settlement, size, nature and/or any other relevant order execution consideration, whether we are executing orders on behalf of clients or placing orders with, or passing orders to, others for execution.

### **1.1 Objectives**

This Policy establishes the principles and guidance for standards which EDGEFIELD) will adopt when managing client orders, executing trades, or arranging for an approved third party to do so on the Firm's behalf. In particular, this Policy sets out the key aspects applicable to the execution process, namely:

- (i) Execution factors and criteria to achieve best execution
- (ii) The execution process followed by the Firm
- (iii) The order management process and
- (iv) Disclosures and client consents required by the Firm

## **2.0 Scope**

It applies only to all clients (Retail clients and Professional/Wholesale clients/Corporate) of EDGDFIELD, dealings in Financial Instruments available in Nigerian Capital Market. Best Execution is only owed when EDGEFIELD accepts an order to execute a transaction on clients' behalf or in other circumstances where it has otherwise expressly agreed to accept such Best Execution obligation. When EDGEFIELD provides quotes or negotiates a price with you, as a Client, on request (i.e. dealing on a Request for Quote or RFQ basis) it will not generally be presumed to be receiving a 'client order' as part of a service where Best Execution will apply.

## **3.0 Purpose**

The Rules and Regulations of The Exchange and its implementations places obligations on EDGEFIELD amongst other things to protect the interests of our clients, when providing stockbrokerage services and the service of portfolio management and to comply with the obligation to act in accordance with the best interests of our clients when executing placed orders .

This policy sets out the approach and procedure to comply with the obligation. The policy is being used as guidance on how to achieve Best Execution and sets out our policy on order handling, and aggregation and execution.

## **4.0 Best Execution Obligation and Relevant Factors**

Subject to any specific instructions that the clients may give, we will take all reasonable steps to obtain the best possible result when executing orders, taking into account the factors affecting execution stated below. We will determine the relative importance of each of these factors by using our commercial judgement and experience in light of market information available.

The factors we take in consideration when executing orders are as follows:

- Nature of the order, e.g. market order, limits order, fill or kill etc.
- Price
- Transaction costs
- Speed
- Likelihood of execution (how liquid is the market in the particular product?)
- Settlement certainty
- Size of order
- Average Market volumes
- Investment objectives of the portfolio
- Any other matters we consider relevant to the efficiency and cost effectiveness of the order

For a Retail Client, the best possible result will be determined in terms of the total consideration, which is determined by the price of the Financial Instrument and the costs related to execution. Speed, likelihood of execution and settlement, the size and nature of the order, market impact and any other considerations 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.

For a Professional/Wholesale Client, price will ordinarily merit a high relative importance in obtaining the best possible result. However, in some circumstances, for some clients, Orders, Financial Instruments or markets, we may appropriately determine that other execution factors are more important than price in obtaining the best possible execution result.

**5.0 Execution Venue**

When preparing to execute transactions, we are required to identify in this policy the venue where these transactions will be executed according to each class of financial instrument.

The venues that enable us to obtain best execution on a consistent basis are as follows:

Asset Class	Venue
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Equity	EDGEFIELD
	The Nigerian Stock Exchange
	National Association of Securities Dealers (NASD)
Fixed Income	
	The Nigerian Stock Exchange
	Financial Market Dealers Quotation

## 6.0 Specific Client Instruction

Where client gives us a specific instruction as to the execution of an order, for example, asking us to deal at a specific price, we will execute it in accordance with that instruction. Where the instruction relates to only part of the order, we will apply our order execution policy to the parts of the order not covered by the specific instructions. Providing specific instructions may prevent us from taking the steps set out in our order execution policy to obtain the best possible result for those elements covered by those instructions.

## 7.0 When does Best Execution not apply (Exclusions)?

Best Execution obligations do not apply in the following situations:

- Where there are specific instructions from a client on an order. We must, in this case, take all steps necessary to obtain the best possible result for the client to the extent that we execute in accordance with those instructions.
- In certain circumstances, where market practice in relation to a particular product or market, dictates that it is not legitimate for the client to rely on us to protect his/her best interests.
- If we deal in a product for which there is only one execution venue? In this case we will satisfy our Best Execution obligation by executing through that venue.

## 8.0 Client Order Handling and Aggregation

### 8.1 Order Priority and Timely Execution

EDGEFIELD is required to ensure that client orders are executed in a prompt, fair and expeditious manner for the type of order in question. We satisfy this requirement by policies and procedures that ensure:

- Orders are passed to appropriate venues for execution as soon as practical, unless postponing execution is in the client's best interest
- Priority is given to client orders over any related company transactions

- Personnel involved in the dealing process are therefore expected to use their best endeavours to ensure that they complete the activities they are responsible for in a timely manner.

## **8.2 Aggregation and allocation of orders in Portfolio Management Service**

For clients with similar mandates, EDGEFIELD may aggregate a client order with an order or orders of other clients. We will only perform such aggregation if it is likely that the aggregation will work overall to the advantage of all of the clients whose orders are aggregated.

Orders are allocated using either the price paid for each investment or at a volume weighted average of the prices of a series of transactions.

In the event of being able to partially fill an aggregated order, allocation will occur on a reduced pro-rata basis, unless allocation becomes uneconomic for a client. Where it is no longer in the client's interest to receive the reduced allocation, we may eliminate such clients from the allocation and reallocate the remaining part of the order on a pro-rata basis to the remaining clients so that there is no systematic bias for or against a client or clients.

Reallocation of an aggregated order will occur only in the case of error, or to ensure fairness over a series of partial executions as described above.

## **8.3 Order allocation records**

A record of the intended basis of allocation is made when orders are aggregated for several clients. The actual basis of allocation for a transaction is recorded.

If the actual basis of allocation is to be changed once the record of allocation has been made, a record of the reasons for the reallocation must be made and must not be done if it disadvantages one or more clients.

## **9.0 Monitoring and Review**

We will review our order execution policy annually or whenever a material change occurs that affects our ability to obtain the best possible result for the execution of orders consistently. We will also monitor the effectiveness of our order execution policy regularly to identify and, where appropriate, correct any deficiencies.

Where we are arranging transactions in client orders we are required to monitor the execution quality of the execution broker's representatives we have chosen to pass orders on to as well as monitor the approach to execution that each broker's representatives takes.

It is not necessary, or practical, for monitoring to cover every transaction, but rather to be based on sampling. For trades where there are high levels of liquidity and much trade data is available, a relatively small sample of transactions might be sufficient for monitoring. On the other hand, trades in less liquid stocks will need more detailed monitoring and hence larger samples.

**10.0 Poor Execution**

Where clear cases of poor execution are identified, we will investigate promptly and take appropriate remedial action where necessary, which include requiring the executing broker representative to amend the transaction price if appropriate.

**Approved this Date October, 2018**

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