



HENDERSON ROWE

Aggregation and Allocation Policy

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Henderson Rowe Limited is authorised and regulated by the Financial Conduct Authority Henderson Rowe Limited is registered in England and Wales, company number 04379340

1 PRINCIPLE

- 1.1. As a company authorised and regulated by the Financial Conduct Authority (“the FCA”), Henderson Rowe (“the Firm”) is required to comply with the rules regarding aggregation and allocation in COBS 11.3.
- 1.2. The purpose of this policy is to ensure that clients are treated fairly where orders are aggregated. As such, this policy should be read in conjunction with the Firm’s Treating Customers Fairly Policy and Dealing Errors Policy.

2 COVERAGE

- 2.1. This policy covers all individuals working at all levels and grades throughout the Firm, including Directors, Officers, investment managers, analysts, traders, assistants, employees, consultants, contractors, trainees, homeworkers, part-time and fixed-term employees, casual employees and any agency staff (collectively referred to as ‘staff’ throughout this policy).

3 SCOPE

- 3.1. All staff are required to comply with the spirit of this policy at all times and to ensure that clients feel that they have been treated fairly by the Firm regardless of the method used to execute their trades.

4 AGGREGATION

- 4.1. The guidance provided by the FCA in COBS 11.3 states that a company must not aggregate a client order with another client order unless:
 - It is unlikely that that aggregation will disadvantage any client whose order is to be aggregated;
 - It is disclosed to each client whose order is to be aggregated that the aggregation



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- can work to the client's advantage or disadvantage; and
 - An order allocation policy is implemented effectively and provides for fair allocation of aggregated transactions, including how volume and price determine allocation and the treatment of partial executions.
- 4.2. The Firm recognises that by aggregating orders, clients may be able to benefit from better prices achieved through larger, bulk transactions, although may not necessarily do so. The Firm actively encourages staff to trade as part of these bulk orders to bring about this benefit to clients, in line with its obligation to treat customers fairly.
 - 4.3. There are some circumstances, such as with certain illiquid stocks, where clients would not benefit from aggregated orders. The Firm retains the discretion to advise in
 - 4.4. The Firm requires the first investment manager, who trades as part of the proposed bulk order, to inform the Firm's dealers that the Firm will be seeking to engage in a bulk order. From that point onwards, staff are expected to include all associated orders in that bulk order, unless there is a specific reason to act contrary to this (for example, an execution only client instructs his or her manager to make a deal at a specific price). If a deal is to take place outside of the bulk order, a note (including reasoning) should be included on the client record in ACT.
 - 4.5. In the event that staff engage in personal account dealing through the Firm and that personal account trade is aggregated with a client order, any allocation in relation to those trades must not be done in such a way as to be detrimental to the client.
 - 4.6. All clients are bound by the Firm's Terms of Business, which provides that the Firm may aggregate orders where there are reasonable grounds to believe aggregation will work to clients' advantage and where individual clients are eligible to have their order aggregated with that of other clients.
 - 4.7. Further, the Terms of Business outlines that the aggregating orders may or may not be advantageous to individual clients. Clients must agree to this as standard.
- 4.8 DISCRETIONARY MANAGED
- 4.8.1. The Research team maintains a buy list and also distributes buy and sell recommendations to staff.
 - 4.8.2. Staff who are involved in sales are responsible for preparing orders for all discretionary clients for whom they are the investment manager (and any that have been delegated on an *ad hoc* basis by the Head of Sales in the absence of a colleague).
 - 4.8.3. Where an investment manager is absent from the Firm's office due to foreseen reasons, such as annual leave or attendance in a meeting, that investment manager will be responsible for ensuring that their clients are under the temporary care of another investment manager who is able to carry out trades on behalf of that client. This is to ensure that if the Research team makes a particular recommendation, especially a recommendation to sell, that client is not disadvantaged by the



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investment manager's absence.

- 4.8.4. Wherever possible, investment managers should endeavour to provide their delegate with as much information on their clients as possible to allow the delegate to confidently trade on their behalf.
- 4.8.5. In the event that an investment manager is absent due to unforeseen reasons, such as illness, the Head of Sales will be responsible for delegating clients to himself or other investment managers so as to ensure that paragraph 4.8.3 is complied with. Investment managers are required to keep and maintain comprehensive notes and records on ACT to allow other managers to easily manage accounts in the absence of a proper handover.
- 4.8.6. The investment manager must assess, on a case-by-case basis and in line with the Firm's established procedures, whether a proposed trade is suitable for a particular account, before any client is included in a bulk order. This assessment should take into account

the risk associated with the trade, the client's appetite for risk, the client's portfolio strategy, geographic mix and any restrictions on the account.
- 4.8.7. Once all deals included as part of the bulk order have been sent to the dealer, they will be executed as one order to ensure that clients receive the same price. The custodian will then be responsible for allocating purchased or sold stock on the Firm's behalf on a proportional basis.
- 4.8.8. The Firm recognises that investment managers who have been delegated clients on a temporary basis may not have enough information in order to decide whether to trade for those clients. In the event that a client has been delegated from one investment manager to another on a temporary basis, and the Firm engages in a bulk order, any decision to not engage in a bulk purchase order for delegated clients, that results in a potential benefit to a client not being realised, will be assessed on a case-by-case basis by the Head of Compliance. This will not apply to bulk sell orders, as investment managers must sell holdings when required to do so by the Head of Research.

4.9 MANAGED ADVISORY

- 4.9.1. Before trading on a Managed Advisory account, approval must first be sought from the client.
- 4.9.2. Approval can either be granted by email (a copy of which should be included in ACT) or telephone call (with a note included in ACT).
- 4.9.3. Staff must attempt to contact those Managed Advisory clients, who they reasonably believe may be interested in the proposed trade, with the Firm's advice: the client's instructions must not be second-guessed. If the client is unavailable, then a message requesting they contact the Firm should be left and a note of this made in ACT.
- 4.9.4. Unless specifically requested by the client, trades on a Managed Advisory account should not be included in the bulk order and should be executed as soon as possible following the request by the client.

4.10 NON-MANAGED ADVISORY

- 4.10.1. Staff must attempt to contact Non-Managed Advisory clients, who may be interested in the proposed trade, with the information on the trade. The Firm is under



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no obligation to consider whether the trade is suitable for Non-Managed Advisory clients and this determination must be made by the respective clients themselves. If the client is unavailable, the investment manager should leave a message requesting that they contact the Firm and a note of this must be made in ACT.

- 4.10.2. Approval can be granted by email (a copy of which should be included in ACT) or telephone call (with a note included in ACT).
- 4.10.3. Unless specifically requested by the client, trades on a Managed Advisory account should not be included in the bulk order and should be executed as soon as possible following the request by the client.

4.11 EXECUTION ONLY

- 4.11.1. No advice must be given to Execution Only clients.
- 4.11.2. Staff must ensure that Execution Only clients are made aware that the Firm is not required to assess the suitability of their investments.
- 4.11.3. Once an Execution Only order is received, the order must be placed as soon as is practicable. However, there may be instances when Execution Only clients give instructions to include a trade as part of the Firm's bulk order and if the client agrees to the terms of this Policy, then their order may be included with any bulk order that is already in place.

5 ALLOCATION

- 5.1. One of the purposes of this policy is to ensure fair allocation following any aggregated orders.
- 5.2. Where the Firm engages in a bulk transaction on behalf of multiple clients, the Firm has a duty to ensure that its custodian correctly allocates either the holdings (if a purchase) or the proceeds (if a sale) to each client involved in the transaction, according to the size of the order placed by each individual account.
- 5.3. Each investment manager is responsible for ensuring that each of their clients is treated fairly through the accurate allocation of the bulk order.

6 POLICY REVIEW

- 5.4. The Head of Compliance will be responsible for reviewing this policy annually (or at the request of the CEO or another member of the Board) to ensure that it continues to meet legal requirements and that it reflects best business practice.