

# Execution Quality Report (RTS 28)

Disclosure period 1<sup>st</sup> January 2018 to 31<sup>st</sup> December 2018

## Direct and indirect execution

The Firm's Best Execution Policy permits both direct and indirect execution, which would be disclosed in separate RTS 28 reports. As no direct order execution occurred during the period, the disclosure for direct execution is nil.

The remainder of this report pertains only to indirect execution via a broker.

## Classes of financial instruments included in this report

This disclosure covers the following classes of financial instruments that were traded during the period. The company's primary activities involve investing in publicly traded equity and liquid government fixed income markets.

- Equities, including shares and depository receipts
  - Liquidity bands 5 & 6 (2000 trades per day or more)
  - Liquidity bands 3 & 4 (80-1999 trades per day)
  - Liquidity bands 1 & 2 (79 trades per day or fewer)
- Debt instruments
  - Bonds
  - Money market instruments

The following classes of financial instrument were not traded during the period and are not included in this report:

- Interest rate, credit, currency, equity, commodity, securitized or emission allowance derivatives
- Structured finance instruments
- Contracts for difference
- Exchange-traded products
- Emission allowances
- Other MiFID instruments

The following instruments are outside the scope of MiFID are not included in this report:

- Spot FX

## Quantitative disclosure

A quantitative disclosure is not provided for this period because trading was *de minimis* – that is, less than one trade per business day – for all the relevant instrument classes.

## Qualitative disclosure

This disclosure is being made pursuant to Article 3(3) of RTS 28 and/or Article 65(6) of the MiFID II Delegated Organisational Regulation, which require firms to disclose, for each class of financial instruments traded for clients during the period, a summary of the analysis and conclusions drawn from the execution quality monitoring that the Firm has undertaken.

RTS 28 / Art. 65(6) requirement	Details
(a) an explanation of the relative importance the firm gave to the execution factors of price, costs,	The initial priority is to assess which brokers or venues will deliver the lowest cost in terms of total

RTS 28 / Art. 65(6) requirement	Details
<p>speed, likelihood of execution or any other consideration including qualitative factors when assessing the quality of execution;</p>	<p>consideration for the trade. Given that our order sizes are ordinarily well within the liquidity available at official trading venues, the size of direct commissions form the main source of variance in the total cost of a trade. In normal market conditions, this means that our business can be directed to a single counterparty that is able to offer the best execution commissions.</p> <p>Where equity orders were in less liquid securities, or the order represented a high proportion of the daily volume, the likelihood of execution factor is increased in priority.</p> <p>We undertake weekly and quarterly post-trade monitoring of the prices that this strategy achieved to benchmark the performance of our counterparties relative to the general market activity during the period that we traded.</p>
<p>(b) a description of any close links, conflicts of interests, and common ownerships with respect to any execution venues/brokers used to execute orders;</p>	<p>The Firm does not have any close links, common ownership of other relationships that would give rise to any conflicts of interests with any of the execution venues or brokers used.</p>
<p>(c) a description of any specific arrangements with any execution venues/brokers regarding payments made or received, discounts, rebates or non-monetary benefits received;</p>	<p>The Firm may receive – as a minor non-monetary benefit – occasional conference invitations or introductions to potential investors from brokers. The Firm otherwise has no specific arrangements to report with any execution venues or brokers regarding payments made or received, discounts, rebates or non-monetary benefits received.</p>
<p>(d) an explanation of the factors that led to a change in the list of execution venues/brokers listed in the firm’s execution policy, if such a change occurred;</p>	<p>The Firm’s internal list of execution brokers approved for use by the Firm saw the addition of one new counterparty during the period. This was motivated by a desire to increase the available execution options for orders in less liquid securities, in the belief that it would allow a greater chance of these orders being fully executed at a lower overall consideration.</p>
<p>(e) an explanation of how order execution differs according to client categorisation, where the firm treats categories of clients differently and where it may affect the order execution arrangements;</p>	<p>This is not applicable as the Firm only deals with Professional Clients.</p>
<p>(f) an explanation of whether other criteria were given precedence over immediate price and cost when executing retail client orders and how these other criteria were instrumental in delivering the best possible result in terms of the total consideration to the client;</p>	<p>This is not applicable as the Firm does not deal with Retail Clients.</p>

RTS 28 / Art. 65(6) requirement	Details
(g) an explanation of how the investment firm has used any data or tools relating to the quality of execution, including any data published under Delegated Regulation (EU) 2017/575 [RTS 27];	<p>The Firm uses price feed data to establish market prices and intra-day ranges to perform its execution quality analysis. On a weekly basis the analysis compares the execution prices achieved to multiple benchmarks derived from intra-day data. All large deviations and partially filled orders are manually investigated. A broader review of execution quality is performed on a quarterly basis, the output of which is used to assess both the adherence to and effectiveness of the Firm's best execution policy.</p> <p>The Firm used RTS 28 reports produced by brokers during the on-boarding process.</p>
(h) where applicable, an explanation of how the investment firm has used output of a consolidated tape provider established under Article 65 of Directive 2014/65/EU.	<p>The Firm has not used the output of any Consolidated Tape Providers in its execution quality analysis. It is noted that there were not any authorised Consolidated Tape Providers in Europe during the period under review.</p>
Disclosures around the use of Direct Electronic Access ("DEA") providers.	<p>The Firm did not direct orders to be executed directly at specific trading venues, which was left to the discretion of the broker.</p>
Summary of Analysis	<p>The ongoing monitoring of execution quality and 'first line' controls are undertaken by our Investment Team with independent review by the Compliance Officer as the 'second line of defence'. The first and second lines of defence are therefore primarily responsible for ex ante and ex post monitoring of best execution on an ongoing basis, with oversight of this monitoring undertaken by the Executive Committee.</p>
Summary of Conclusions	<p><b>Equities:</b> Analysis of all trades in the period revealed that the median deviation from both a VWAP price during the execution period and the order arrival price was less than 1 bp.</p> <p>Outlier fill prices were investigated for 9% of our orders, with no material findings resulting.</p> <p><b>Debt instruments:</b> There were too few relevant orders in the period to provide a representative sample. Post-trade analysis of individual orders highlighted no issues.</p> <p><b>Overall:</b> The Firm is comfortable that its execution policy was adhered to over the period, and that following this policy has delivered best execution</p>

RTS 28 / Art. 65(6) requirement	Details
	for its clients over the period. This analysis will feed in to the Firm's annual review of its execution policy at which time further enhancements will be considered.