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# **BEST EXECUTION POLICY**

January 2021

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## **1. INTRODUCTION**

The Firm is required to take all sufficient steps to obtain the best possible results (“**Best Execution**”) on a consistent basis on behalf of its clients when executing orders taking into account the execution factors (“**Direct Execution**”).

The Firm is required to act in accordance with the best interests of its clients when transmitting or placing orders with other entities for execution that result from decisions to deal, and to take all sufficient steps to obtain the best possible result for the client taking into account the execution factors (“**Indirect Execution**”).

This document constitutes the Firm’s best execution policy and procedures (the “**Policy**”). It sets out the policy and procedures of the Firm that have been established and implemented to ensure sound, transparent and comprehensive execution processes are followed and specifies the controls and safeguards that are in place.

The Firm conducts its business in accordance with all applicable laws and regulations, including the requirements of Conduct of Business Rules (“**COBS**”) 11.2A “Best Execution” of the FCA Handbook.

The Firm must act in the best interests of its clients when executing decisions to deal, taking into account a number of execution factors and criteria which are discussed in detail below.

The Firm’s senior management is responsible for ensuring that robust business practices are operating in all its trading activities to deliver Best Execution on a consistent basis and for promoting a culture that proactively identifies and manages conflicts of interest. The Firm’s senior management are also responsible for the on-going review and monitoring of this Policy, to ensure that it remains robust and fit for purpose, taking into account, amongst other things, changes to market structures and execution practices and development of new products.

## **2. ORDER EXECUTION**

When executing orders, the Firm will take all sufficient steps to achieve Best Execution.

In order to deliver Best Execution, the Firm uses its knowledge, experience and judgement to execute trades on behalf of its clients taking into consideration a number of execution factors including:

- The price that the order can be executed at;
- The costs of execution of the transaction to the client;
- The speed of execution of the transaction;
- The likelihood of achieving execution and settlement;
- The size and nature of the order; and
- Any other consideration relevant to the execution of the specific order (the “**Execution Factors**”).

## **3. EXECUTION FACTORS**

When executing orders, the Firm will take all sufficient steps to achieve Best Execution, subject to and taking into account, any specific instructions from the client, the nature of such orders, the priorities its clients’ place upon it in filling those orders and the nature of the markets and products in question.

In order to deliver Best Execution, the Firm uses its knowledge, experience and judgement to execute trades on behalf of its clients taking into consideration a number of execution factors including:

- The price that the order can be executed at;
- The costs of execution of the transaction to the client;
- The speed of execution of the transaction;
- The likelihood of achieving execution and settlement;
- The size and nature of the order; and
- Any other consideration relevant to the execution of the specific order (the “**Execution Factors**”).

#### **4. EXECUTION CRITERIA**

The Firm is required to determine the relative importance of the Execution Factors for its clients by taking into account the following criteria:

- The characteristics of the client, including the trading volume and categorisation of the client;
- The characteristics and nature of the client order;
- The characteristics of the financial instruments that are the subject of that order; and
- The characteristics of the execution venues/brokers to which that order can be directed (the “**Execution Criteria**”).

In considering the Execution Criteria and the importance of the Execution Factors, the Firm also takes into account the client’s understanding and experience of the market in question, the client’s dealing profile, the nature of the dealing service the client requires and the specific and general instructions given to the Firm by the client which may prioritise how the Firm fills client orders.

#### **5. EXECUTION VENUES AND BROKERS**

##### **5.1 INTRODUCTION**

The Firm will primarily select the execution venue or broker that in the Firm’s judgment is the most appropriate, taking into account the Execution Factors and Execution Criteria. The Firm will also consider the market coverage and market intelligence that the execution venue or broker can provide.

When determining the approach to achieve Best Execution the trader must determine which broker or execution venue to use (where more than one is available for a particular financial instrument). The Firm will consider the cost and commission implications of each method where there are competing options.

##### **5.2 SELECTION OF EXECUTION VENUES**

The Firm’s selection of execution venues depends on the strategy and classes of instruments to be traded. The Firm conducts due diligence and takes into account qualitative factors for selecting venues.

The Firm has identified in Appendix A those venues on which it most regularly seeks to execute and which the Firm believes offer the best prospects for affording its clients Best Execution.

In selecting the most appropriate venues for the purpose of executing client orders, the Firm will take into full account the Execution Factors and Execution Criteria relevant to the order, and the following:

- what the Firm reasonably assesses to be its clients best interests in terms of executing the orders; and
- such other factors as may be appropriate, including the ability of the venue to manage complex orders, the speed of execution, the creditworthiness of the venue and the quality of any related clearing and settlement facilities.

The diversity in the markets and instruments in which the Firm trades mean that different factors will have to be taken into account when the Firm assesses the nature of its Policy in the context of different instruments and different markets. In some markets, price volatility may mean that the timeliness of execution is a priority, whereas, in other markets that have low liquidity, the fact of execution may itself constitute Best Execution. In other cases, the Firm’s choice of venue may be limited (even to the fact that there may only be one platform/market upon which the Firm can execute client orders) because of the nature of the client order or of specific client requirements.

##### **5.3 SELECTION OF BROKERS**

The Firm has a thorough selection process with respect to the brokers that it transacts with, which is designed to identify those brokers which consistently provide a high quality execution service, taking account of the relevant Execution Factors and Execution Criteria. Orders may only be placed with brokers who have been approved by the Firm following its selection process.

The criteria used to assess brokers includes:

- Regulatory status/checks

- Accuracy and timeliness and certainty of execution, settlement, clearance and error / dispute resolution processes
- Liquidity of the securities traded
- Block trading and block positioning capabilities
- Ability to place trades in difficult market environments
- Expertise as it relates to specific securities
- Market intelligence and local knowledge
- On-going individual assessment of whether best execution achieved with a specific broker – e.g. retrospective trade review against comparable market trades
- Efficient execution and competence in supporting the trade execution process
- Business reputation
- Ongoing reliability
- Overall costs of a trade including commissions, mark-ups, markdowns or spread.

### **5.4 EXECUTING/PLACING ORDERS WITH EXECUTION VENUES / BROKERS THAT ARE NOT PRE-APPROVED**

The Firm is not permitted to execute decisions to deal with an execution venue or place orders with a broker that is not already approved by the Firm unless there are exceptional circumstances. Exceptional circumstances might include where the Firm wishes to trade in an unusual financial instrument that cannot be executed with or by one of the pre-approved execution venues or brokers (either at all or in a manner that would be likely to achieve the best possible result for the client). Any execution of a transaction with an execution venue or placing of an order with a broker that falls outside the approved execution venues and brokers must be pre-approved by the Firm's Compliance Department.

### **5.5 CROSS TRADES**

The Firm does not enter in to cross trades.

### **5.6 OTC PRODUCTS**

When executing orders in OTC products, the Firm assesses whether the price quoted is "fair" by undertaking systematic checks to undertake appropriate valuation and taking into account market data on comparable products where available.

## **6. DETAILED REQUIREMENTS FOR EACH FINANCIAL INSTRUMENT CLASS TRADED**

### **6.1 INTRODUCTION**

For each class of financial instruments, the Firm has defined the key Execution Factors that will be taken into account when placing orders for execution, in order to choose the counterparty that best suits its requirements.

The principles described in this Policy do not restrict the Firm to act otherwise where it considers that to follow the Policy may result in an order not being executed in a way that the best possible result is obtained for the client.

In case of extreme circumstances, such as disruption of the execution system, the Firm may not be able to execute an order in accordance with this Policy. In such exceptional circumstances the Firm will endeavour to execute client orders in the most advantageous way for its clients under the prevailing circumstances.

If only one place of execution exists, Best Execution is realised when executing the order in that execution venue. The Firm will be able to demonstrate that only one place of execution exists.

## **6.2 FINANCIAL INSTRUMENTS TRADED**

This section of the Policy specifies in detail the specific execution arrangements for each financial instrument class that the Firm transacts in, including the brokers/ execution venues that the Firm employs, as well as the Execution Factors and Execution Criteria ranked by importance, that in the Firm's judgment are relevant for each instrument.

### **Equities**

Equity trades are executed by third party brokers. The trades are generally executed via Bloomberg straight to the broker either via FIX or via the Bloomberg chat. Trades can also be executed via phone, email or certain other communicative methods.

The firm is reliant on the executing broker effectively executing the order. If the firm has provided specific instructions, the firm will ensure that the trade is executed within those parameters, even though this may constrain the broker from achieving the best result from a price point of view.

The key factor when trading equities is the price which the trades are executed at. This is monitored daily by checking each trade vs the Volume Average Weighted Price of that asset for the day.

The ability to consistently take on orders regardless of order size is an important factor. The firm also factors into the account the brokers skill in being able to execute large orders, so as to keep a price within a fair trading range and also preserve the Firms anonymity in the markets.

Other factors considered are the execution costs such as commission and trading costs, whereby the firm has the clients bests interests and tries to negotiate the best commission rates

### **Equities Contract for Difference "CFD"**

The same considerations for Equity trading are factored when trading Equity CFD. Additionally other factors considered are the borrow availability and the credit rates on the swap lines. Ultimately, price remains the main factor.

As above this is monitored daily by checking each trade vs the Volume Average Weighted Price of that asset for the day.

### **Exchange Traded Derivatives**

Exchange traded derivatives are executed by third party brokers. The trades are generally executed via Bloomberg straight to the broker either via FIX or via the Bloomberg chat. Trades can also be executed via phone, email or certain other communicative methods.

The firm is reliant on the executing broker effectively executing the order. If the firm has provided specific instructions, the firm will ensure that the trade is executed within those parameters, even though this may constrain the broker from achieving the best result from a price point of view.

Due to their availability, liquidity and transparency in these exchange traded products price remains the key factor. This is monitored daily by checking each trade vs the Volume Average Weighted Price of that asset for the day.

### **Over the Counter "OTC" Derivatives**

These trades are executed off market between broker and firm. They are bespoke trades tailored to the needs of the firm. The broker will generally be trading against his own prop book. The Firm owes the obligation to the client to obtain Best Execution.

Some of the main factors involved include the availability of the credit / borrow lines that underline the trade. Where an OTC derivatives is more liquid, indicative quotes can be obtained where possible. The less liquid the OTC derivatives the greater the value of the credit/borrow lines factors along with the ability to execute efficiently.

Bloomberg and other market data sources where possible will be used to compare the prices quoted to by the brokers.

Where a product has become structured in such a way that it is very bespoke it is important that the Firm feels it has negotiated fairly and achieved a successful negotiation. In some instances the ability for the broker to close the position / trade before maturity is also considered, and if that were the case their ability to achieve a fair price.

### **Foreign Exchange “FX” Instruments**

Spot foreign exchange is not a financial instrument to which the best execution applies. If traded as derivatives via the futures and forwards markets (and are examples of either exchange traded derivatives or OTC traded derivatives) please see the sections above for the key factors.

### **Funds**

Funds typically only have one execution venue, the fund operator for a regulated fund or an administrator for an unregulated fund. Where execution is directly with the operator or the administrator Best Execution has taken place. On an adhoc basis factors which may delay the processing of the order could be considered.

### **Fixed Income Instruments**

Fixed income / credit trades are executed by third party brokers. Trades are generally traded like equities via Bloomberg chat, FIX or directly with brokers. Trades can also be executed via phone, email or certain other communicative methods.

The firm is reliant on the executing broker effectively executing the order. If the firm has provided specific instructions, the firm will ensure that the trade is executed within those parameters, even though this may constrain the broker from achieving the best result from a price point of view.

The key factor when trading fixed income instruments is the price which the trades are executed at. This is monitored daily by checking each trade vs the closing price of that asset vs the day before.

## **7. SPECIFIC INSTRUCTIONS**

To the extent that the Firm follows specific instructions from a client when placing an order with, or transmitting an order to, another entity for execution, such instructions supersede this Policy and the Firm will be deemed to have complied with its Best Execution obligations by following the clients' specific instructions. Specific client instructions may prevent the Firm from taking the steps it has implemented in this Policy to obtain Best Execution. In general the Firm will make all dealing decisions itself in its capacity as discretionary portfolio manager.

## **8. RELATED POLICIES**

In addition to this Policy, the Firm's policies and procedures encapsulate several other areas that are important to ensure robust procedures and form part of the Firm's overall best execution framework. These include:

- Conflicts of interest management – the Firm has a separate Conflicts of Interest Policy
- Inducements – the Firm's policy and procedures relating to inducements are set out in its Compliance Manual
- Aggregation and allocation of orders – the Firm has a separate Aggregation and Allocation Policy
- Trade errors – the Firm has a separate Dealing Errors Policy
- The Firm's overriding obligation to act in its clients' best interests.

## **9. MONITORING**

### **9.1 INTRODUCTION**

The Firm has an obligation to monitor the effectiveness of its best execution arrangements and this Policy and to demonstrate compliance with this Policy. This obligation has been incorporated into the Firm's general compliance monitoring process. The Firm's processes are designed to ensure that monitoring assists the Firm in delivering Best Execution for its clients on a consistent basis and that, where necessary, it identifies Best Execution failures or poor client outcomes.

### **9.2 RESPONSIBILITY FOR BEST EXECUTION MONITORING**

Monitoring is performed by the Risk and Compliance team with on-going review.

In the event that the Firm's monitoring procedures identify any deficiencies in the Firm's Policy and determine that the best result is not being delivered to the Firm's clients, the issue identified shall be promptly escalated to the governing body with sufficient detail and any proposed corrective action to be taken, including any proposed changes to this Policy.

### **9.3 MONITORING PROCESSES**

The Firm's monitoring of Best Execution is carried out daily. The monitoring has several components and addresses all Execution Factors. The Firm's pre-trade monitoring assists it to select the best execution venues and brokers and the Firm's post-trade monitoring enables it to evaluate the performance actually achieved for its clients.

Post-trade Best Execution checks are performed on all trades. A data license with Bloomberg has been secured and a feed from Bloomberg has been implemented. For equity trades if there are any deviations of more than 3% between the VWAP and the executed price, then the risk team will investigate. For fixed income trades if there are any deviations of more than 5% between the closing price on the previous day and the executed price, then the risk team will investigate.

Advice taken from RQC as to the thresholds because of the nature and volatility of the markets in which the Funds trade. These are currently Global Equity and Fixed Income Markets with a focus on Emerging Markets as well as European markets. All trades where there is a difference between the price at which the transaction was executed and the threshold price are highlighted as an exception and these are investigated.

The investigation considers factors such as

- Asset liquidity
- Intra-day moves
- Company announcement
- Macro announcement
- Time of trade
- Stock performance on the day and in the lead up to the day of the trade
- Market performance on the day and in the lead up to the day of the trade

A daily report is sent to the CRO and COO with a separate file for each fund traded. This will highlight any exceptions and if there were one to give a valid explanation for it. If it is deemed that further investigation is required this is communicated back to the risk team. It is escalated to the board if the issue cannot be solved.

#### **9.3.1 FRONT-OFFICE MONITORING**

The Firm's risk team do daily trade monitoring to review compliance with this Policy. On a daily basis the Firm monitors market prices through daily price information sent by brokers and other liquidity providers and via this means is able to evaluate the accuracy of pricing and information received. This serves as another mechanism by which the Firm can benchmark pricing and the overall level of service being offered to the Firm by an execution venue.

### **9.3.2 THIRD PARTY BROKER SELECTION**

The Firm conducts on-going scrutiny of its approved brokers and quality checks on the trades executed by each broker to assess whether Best Execution is consistently obtained. The execution quality actually delivered by the Firm's brokers is monitored either by comparing the result received against the market generally or by obtaining and reviewing data from the broker as to its execution quality.

### **9.4 SENIOR MANAGEMENT AND ESCALATION**

The Firm's senior management is responsible for ensuring that robust business practices are operating in all its trading activities to deliver Best Execution on a consistent basis and for promoting a culture that proactively identifies and manages conflicts of interest. The Firm's senior management are also ultimately responsible for the on-going review and monitoring of this Policy, to ensure that it remains robust and fit for purpose, taking into account, amongst other things, changes to market structures and execution practices and development of new products.

The governing body receives both monthly and quarterly management information relating to Best Execution from the compliance team.

Any deficiencies or issues identified by the Firm's monitoring procedures are promptly escalated to the governing body for its review with sufficient detail and a proposal for corrective action to be taken, including any proposed changes to this Policy.

## **10. POLICY REVIEW**

The Firm's compliance office is responsible for the maintenance and annual review of this Policy and the Firm's execution procedures. The review focuses on whether the Firm would obtain better results for its clients if it was to:

- include additional or remove existing execution venues or brokers;
- assign a different relative importance to the Execution Factors applicable to each financial instrument class; or
- modify any other aspects of this Policy and/or the Firm's execution procedures.

The review takes into account a number of factors including:

- any deficiencies with this Policy and/or the Firm's execution procedures identified during the Firm's monitoring processes;
- any factors that could damage the quality of execution being achieved, such as changes in the market environment and structure (e.g. the entry or exit of market participants, changes to execution venues, services provided by counterparties, significant changes in technology, etc.);
- changes to the types of investment process used;
- changes to the financial instruments used and/or introduction of new products;
- changes to the nature of orders; and
- changes in relevant legislation.

In addition this Policy and/or the Firm's execution procedures are reviewed whenever a material change occurs in the market that could affect the Firm's ability to obtain the best possible result for the execution of its clients' orders.

The Firm's review also takes into account a review of the monitoring program to ensure that monitoring processes remain fit for purpose and appropriate.

## **11. CLIENT DISCLOSURE AND CONSENT**

The Firm must provide appropriate information about this Policy to its clients. In order to comply with this obligation the Firm provides its clients with a summary of this Policy, which is intended to enable its clients to make a properly informed decision as to whether to utilise the Firm's services. A summary of this Policy to be provided to the Firm's clients is set out in Appendix B.

## BEST EXECUTION POLICY

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Where the Firm effects Direct Execution for its clients, as opposed to Indirect Execution, the Firm must obtain the client's consent to this Policy. Such consent is addressed in the investment management agreements that the Firm enters into with its clients.

In addition, to the extent that the Firm effects Direct Execution of transactions outside of a regulated market or regulated multilateral trading facility, the Firm needs to obtain its clients' consent to this. Again, this consent is addressed in the investment management agreements between the Firm and its clients.

The Firm must notify clients of any material change that occurs and that affects this Policy. A material change is a significant event that could impact parameters of Best Execution. For example this could relate to the inclusion, or removal, of a significant, or new type of, execution venue.

However, client's express consent to such changes is not required. Upon request the Firm will demonstrate to its clients that orders are executed in accordance with this Policy. Upon request the Firm will demonstrate to the FCA that orders are executed in accordance with this Policy.

Annually, the Firm shall summarise and publish on or before 30 April, for each class of financial instruments, the top five execution venues in terms of trading volumes where it transmitted or placed client orders for execution in the preceding calendar year and information on the quality of execution obtained, in the format set out in Appendices C and D. The Firm shall publish this on its website at [www.capricornfundmangers.com](http://www.capricornfundmangers.com) Each report shall be available in the public domain for at least two years from the date of publication.

## APPENDIX A

### EXECUTION VENUES AND BROKERS

#### A.1 EXECUTION VENUES

- Regulated markets
- Direct Market Access (“DMA”) – DMA refers to electronic facilities that allow the Firm to benefit generally from a better cost for financial securities the Firm may wish to buy or sell
- Market makers or other liquidity provider or an entity that performs a similar function in a third country
- Brokers

#### A.2 BROKERS

The list of brokers changes regularly and currently includes:

- Pershing Securities
- Credit Suisse
- Goldman Sachs
- RMB Morgan Stanley
- Avior
- UBS
- JP Morgan
- Investec Securities
- SOVA Capital
- ABSA
- Anchor Stockbrokers
- Peresec International
- Atisa
- Renaissance Capital
- Numis
- First Equity Limited
- Canaccord
- Tourmaline Partners
- Liquidity Finance
- Dolfin Financial
- Invex

## APPENDIX B

## BEST EXECUTION DISCLOSURE STATEMENT

**B.1 INTRODUCTION**

The purpose of this document is to provide clients of the Firm with information about the Firm's best execution policy and to seek their consent to that policy. Consent can be by way of declaration or included within the IMA between the Firm and the client.

The Firm is required to take all sufficient steps to obtain the best possible results ("**Best Execution**") on a consistent basis on behalf of its clients when executing orders taking into account the execution factors ("**Direct Execution**").

The Firm is required to act in accordance with the best interests of its clients when transmitting or placing orders with other entities for execution that result from decisions to deal, and to take all sufficient steps to obtain the best possible result for the client taking into account the execution factors ("**Indirect Execution**").

**B.2 ORDER EXECUTION****EXECUTION FACTORS**

When executing orders, the Firm will take all sufficient steps to achieve Best Execution, subject to and taking into account, any specific instructions from the client, the nature of such orders, the priorities its clients' place upon it in filling those orders and the nature of the markets and products in question.

In order to deliver Best Execution, the Firm uses its knowledge, experience and judgement to execute trades on behalf of its clients taking into consideration a number of execution factors including:

- The price that the order can be executed at;
- The costs of execution of the transaction to the client;
- The speed of execution of the transaction;
- The likelihood of achieving execution and settlement;
- The size and nature of the order; and
- Any other consideration relevant to the execution of the specific order (the "**Execution Factors**").

**B.3 EXECUTION CRITERIA**

The Firm is required to determine the relative importance of the Execution Factors for its clients by taking into account the following criteria:

- The characteristics of the client, including the categorisation of the client;
- The characteristics and nature of the client order;
- The characteristics of the financial instruments that are the subject of that order; and
- The characteristics of the execution venues/brokers to which that order can be directed (the "**Execution Criteria**").

In considering the Execution Criteria and the importance of the Execution Factors, the Firm also takes into account the client's understanding and experience of the market in question, the client's dealing profile, the nature of the dealing service the client requires and the specific and general instructions given to the Firm by the client which may prioritise how the Firm fills client orders.

**B.4 EXECUTION VENUES AND BROKERS**

The Firm will primarily select the execution venue or broker that in the Firm's judgment is the most appropriate, taking into account the Execution Factors and Execution Criteria. The Firm will also consider the market coverage and market intelligence that the execution venue or broker can provide and other relevant qualitative factors.

The Firm has identified in Appendix A those venues on which it most regularly seeks to execute and which the Firm believes offer the best prospects for affording its clients Best Execution.

In selecting the most appropriate venues for the purpose of executing client orders, the Firm will take into full account the Execution Factors and Execution Criteria relevant to the order, and the following:

- (a) what the Firm reasonably assesses to be its clients best interests in terms of executing the orders; and
- (b) such other factors as may be appropriate, including the ability of the venue to manage complex orders, the speed of execution, the creditworthiness of the venue and the quality of any related clearing and settlement facilities.

The diversity in the markets and instruments in which the Firm trades mean that different factors will have to be taken into account when the Firm assesses the nature of its Policy in the context of different instruments and different markets. In some markets, price volatility may mean that the timeliness of execution is a priority, whereas, in other markets that have low liquidity, the fact of execution may itself constitute Best Execution. In other cases, the Firm's choice of venue may be limited (even to the fact that there may only be one platform/market upon which the Firm can execute client orders) because of the nature of the client order or of specific client requirements.

#### **B.4.1 SELECTION OF BROKERS**

The Firm has a thorough selection process with respect to the brokers that it transacts with, which is designed to identify those brokers which consistently provide a high quality execution service, taking account of the relevant Execution Factors and Execution Criteria. Orders may only be placed with brokers who have been approved by the Firm following its selection process.

#### **B.4.2 CROSS TRADES**

The Firm does not enter in to cross trades

### **B.5 OTC PRODUCTS**

When executing orders in OTC products, the Firm assesses whether the price quoted is "fair" by undertaking systematic checks to undertake appropriate valuation and taking into account market data on comparable products where available.

### **B.6 DETAILED REQUIREMENTS FOR EACH FINANCIAL INSTRUMENT CLASS TRADED**

#### **B.6.1 INTRODUCTION**

For each class of financial instruments that the Firm trades, the Firm has defined the key Execution Factors that will be taken into account when placing orders for execution, in order to choose the counterparty that best suits its requirements.

In case of extreme circumstances, such as disruption of the execution system, the Firm may not be able to execute an order in accordance with this Policy. In such exceptional circumstances the Firm will endeavour to execute client orders in the most advantageous way for its clients under the prevailing circumstances.

If only one place of execution exists, Best Execution is realised when executing the order in that execution venue. The Firm will be able to demonstrate that only one place of execution exists.

#### **Equities**

Equity trades are executed by third party brokers. The trades are generally executed via Bloomberg straight to the broker either via FIX or via the Bloomberg chat. Trades can also be executed via phone, email or certain other communicative methods.

The firm is reliant on the executing broker effectively executing the order. If the firm has provided specific instructions, the firm will ensure that the trade is executed within those parameters, even though this may constrain the broker from achieving the best result from a price point of view.

The key factor when trading equities is the price which the trades are executed at. This is monitored daily by checking each trade vs the Volume Average Weighted Price of that asset for the day.

The ability to consistently take on orders regardless of order size is an important factor. The firm also factors into the account the brokers skill in being able to execute large orders, so as to keep a price within a fair trading range and also preserve the Firms anonymity in the markets.

Other factors considered are the execution costs such as commission and trading costs, whereby the firm has the clients best interests and tries to negotiate the best commission rates

#### **Equities Contract for Difference “CFD”**

The same considerations for Equity trading are factored when trading Equity CFD. Additionally other factors considered are the borrow availability and the credit rates on the swap lines. Ultimately, price remains the main factor.

As above this is monitored daily by checking each trade vs the Volume Average Weighted Price of that asset for the day.

#### **Exchange Traded Derivatives**

Exchange traded derivatives are executed by third party brokers. The trades are generally executed via Bloomberg straight to the broker either via FIX or via the Bloomberg chat. Trades can also be executed via phone, email or certain other communicative methods.

The firm is reliant on the executing broker effectively executing the order. If the firm has provided specific instructions, the firm will ensure that the trade is executed within those parameters, even though this may constrain the broker from achieving the best result from a price point of view.

Due to their availability, liquidity and transparency in these exchange traded products price remains the key factor. This is monitored daily by checking each trade vs the Volume Average Weighted Price of that asset for the day.

#### **Over the Counter “OTC” Derivatives**

These trades are executed off market between broker and firm. They are bespoke trades tailored to the needs of the firm. The broker will generally be trading against his own prop book. The Firm owes the obligation to the client to obtain Best Execution.

Some of the main factors involved include the availability of the credit / borrow lines that underline the trade. Where an OTC derivatives is more liquid, indicative quotes can be obtained where possible. The less liquid the OTC derivatives the greater the value of the credit/borrow lines factors along with the ability to execute efficiently.

Bloomberg and other market data sources where possible will be used to compare the prices quoted to by the brokers.

Where a product has become structured in such a way that it is very bespoke it is important that the Firm feels it has negotiated fairly and achieved a successful negotiation. In some instances the ability for the broker to close the position / trade before maturity is also considered, and if that were the case their ability to achieve a fair price.

#### **Foreign Exchange “FX” Instruments**

Spot foreign exchange is not a financial instrument to which the best execution applies. If traded as derivatives via the futures and forwards markets (and are examples of either exchange traded derivatives or OTC traded derivatives) please see the sections above for the key factors.

#### **Funds**

Funds typically only have one execution venue, the fund operator for a regulated fund or an administrator for an unregulated fund. Where execution is directly with the operator or the administrator Best Execution has taken place. On an adhoc basis factors which may delay the processing of the order could be considered.

### **Fixed Income Instruments**

Fixed income / credit trades are executed by third party brokers. Trades are generally traded like equities via Bloomberg chat, FIX or directly with brokers. Trades can also be executed via phone, email or certain other communicative methods.

The firm is reliant on the executing broker effectively executing the order. If the firm has provided specific instructions, the firm will ensure that the trade is executed within those parameters, even though this may constrain the broker from achieving the best result from a price point of view.

The key factor when trading fixed income instruments is the price which the trades are executed at. This is monitored daily by checking each trade vs the closing price of that asset vs the day before.

### **B.7 SPECIFIC INSTRUCTIONS**

To the extent that the Firm follows specific instructions from a client when placing an order with, or transmitting an order to, another entity for execution, such instructions supersede this Policy and the Firm will be deemed to have complied with its Best Execution obligations by following the clients' specific instructions. Specific client instructions may prevent the Firm from taking the steps it has implemented in this Policy to obtain Best Execution. In general the Firm will make all dealing decisions itself in its capacity as discretionary portfolio manager.

### **B.8 MONITORING AND REVIEW**

The Firm actively monitors the effectiveness of its best execution arrangements and policy. The Firm's processes are designed to ensure that monitoring assists the Firm in delivering Best Execution for its clients on a consistent basis.

The Firm's senior management is responsible for ensuring that robust business practices are operating in all its trading activities to deliver Best Execution on a consistent basis and for promoting a culture that proactively identifies and manages conflicts of interest.

The Firm will regularly, and at a minimum annually, review its best execution policy and execution procedures and will notify its clients of any material changes to them.

APPENDIX C

DIRECT EXECUTION - PROFESSIONAL CLIENTS - DISCLOSURE OF TOP FIVE EXECUTION VENUES AND QUALITY OF EXECUTION OBTAINED

C.1 INFORMATION ON THE TOP FIVE EXECUTION VENUES

Class of Instrument					
Notification if <1 average trade per business day in the previous year	Y/N				
Top 5 execution venues ranked in terms of trading volume (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Name and Venue Identifier (MIC or LEI)					
Name and Venue Identifier (MIC or LEI)					
Name and Venue Identifier (MIC or LEI)					
Name and Venue Identifier (MIC or LEI)					
Name and Venue Identifier (MIC or LEI)					

**Notes:**

This information must be disclosed separately in relation to each of the following classes of instrument:

- (a) Equities – Shares & Depositary Receipts
  - (i) Tick size liquidity bands 5 and 6 (from 2000 trades per day)
  - (ii) Tick size liquidity bands 3 and 4 (from 80 to 1999 trades per day)

- (iii) Tick size liquidity band 1 and 2 (from 0 to 79 trades per day)
- (b) Debt instruments
  - (i) Bonds
  - (ii) Money markets instruments
- (c) Interest rates derivatives
  - (i) Futures and options admitted to trading on a trading venue
  - (ii) Swaps, forwards, and other interest rates derivatives
- (d) Credit derivatives
  - (i) Futures and options admitted to trading on a trading venue
  - (ii) Other credit derivatives
- (e) Currency derivatives
  - (i) Futures and options admitted to trading on a trading venue
  - (ii) Swaps, forwards, and other currency derivatives
- (f) Structured finance instruments
- (g) Equity Derivatives
  - (i) Options and Futures admitted to trading on a trading venue
  - (ii) Swaps and other equity derivatives
- (h) Securitised Derivatives
  - (i) Warrants and Certificate Derivatives
  - (ii) Other securitised derivatives
- (i) Commodities Derivatives and emission allowances Derivatives
  - (i) Options and Futures admitted to trading on a trading venue
  - (ii) Other commodities derivatives and emission allowances derivatives
- (j) Contracts for difference
- (k) Exchange traded products (Exchange traded funds, exchange traded notes and exchange traded commodities)
- (l) Emission allowances
- (m) Other instruments.



C.2 ANNUAL SUMMARY: QUALITY OF THE EXECUTION OBTAINED ON TOP FIVE EXECUTION VENUES

Venue *	Information Assessed	Conclusions
	<i>An explanation of the relative importance the firm gave to the execution factors of price, costs, speed, likelihood of execution or any other consideration including qualitative factors when assessing the quality of execution</i>	
	<i>A description of any close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders</i>	
	<i>A description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received</i>	
	<i>An explanation of the factors that led to a change in the list of execution venues listed in the firm's execution policy, if such a change occurred</i>	
	<i>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</i>	
	<i>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</i>	
	<i>An explanation of how the firm has used any data or tools relating to the quality of execution, including any data published by execution venues under RTS 27</i>	
	<i>Where applicable, an explanation of how the firm has used output of a consolidated tape provider which will allow for the development of enhanced measures of execution quality or any other algorithms used to optimise and assess execution performances (if applicable)</i>	

\* Repeat for each venue and each class of instrument, to take into account differences in execution methods and strategies depending on the nature of the instrument, although some information may be provided on a consolidated basis (e.g. information on conflicts of interests with respect to venues used).

APPENDIX D

ORDER PLACING - PROFESSIONAL CLIENTS - DISCLOSURE OF TOP FIVE EXECUTION VENUES AND QUALITY OF EXECUTION OBTAINED

D.1 INFORMATION ON THE TOP FIVE EXECUTION VENUES

<b>Class of Instrument</b>					
<b>Notification if &lt;1 average trade per business day in the previous year</b>	Y/N				
<b>Top five execution venues ranked in terms of trading volumes (descending order)</b>	<b>Proportion of volume traded as a percentage of total in that class</b>	<b>Proportion of orders executed as percentage of total in that class</b>	<b>Percentage of passive orders</b>	<b>Percentage of aggressive orders</b>	<b>Percentage of directed orders</b>
Name of Entity Where Order is Placed and Identifier (MIC or LEI)					
Name of Entity Where Order is Placed and Identifier (MIC or LEI)					
Name of Entity Where Order is Placed and Identifier (MIC or LEI)					
Name of Entity Where Order is Placed and Identifier (MIC or LEI)					
Name of Entity Where Order is Placed and Identifier (MIC or LEI)					

D.2 ANNUAL SUMMARY: QUALITY OF THE EXECUTION OBTAINED ON TOP FIVE EXECUTION VENUES

Venue *	Information Assessed	Conclusions
	<i>An explanation of the relative importance the firm gave to the execution factors of price, costs, speed, likelihood of execution or any other consideration including qualitative factors when assessing the quality of execution</i>	
	<i>A description of any close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders</i>	
	<i>A description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received</i>	
	<i>An explanation of the factors that led to a change in the list of execution venues listed in the firm's execution policy, if such a change occurred</i>	
	<i>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</i>	
	<i>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</i>	
	<i>An explanation of how the firm has used any data or tools relating to the quality of execution, including any data published by execution venues under RTS 27</i>	
	<i>Where applicable, an explanation of how the firm has used output of a consolidated tape provider which will allow for the development of enhanced measures of execution quality or any other algorithms used to optimise and assess execution performances (if applicable)</i>	

\* Repeat for each venue and each class of instrument, to take into account differences in execution methods and strategies depending on the nature of the instrument, although some information may be provided on a consolidated basis (e.g. information on conflicts of interests with respect to venues used).