

## BEST EXECUTION POLICY

The Firm is able to:

- demonstrate to its clients, at their request, that it has executed their orders in accordance with its execution policy (**COBS 11.2A.32R(1)**); and
- demonstrate to the FCA, at the FCA's request, its compliance with COBS 11.2A.2R and with the related provisions in COBS 11.2A that requires the Firm to execute orders on terms most favourable to the client (**COBS 11.2A.32R(2)**).

The Firm will also often place orders to be executed with appropriate counterparties and this policy applies to such orders when they relate to a MiFID financial instrument and whenever the Firm is providing the service of portfolio management or the reception and transmission of orders. This policy will also apply should the Firm itself execute an order in a MiFID financial instrument.

MiFID financial instruments used by the Firm are as follows:

- transferable securities;
- money-market instruments;
- units in collective investment undertakings; and
- a wide range of options and derivative instruments.

### OTC transactions

Best execution obligations apply to all financial instruments, including those traded OTC (**COBS 11.2A.7G**).

The Firm notes that transactions involving a customised OTC financial instrument that involve a unique contractual relationship tailored to the circumstances of the client and the Firm may not be comparable, for best execution purposes, with transactions involving shares traded on centralised execution venues (**COBS 11.2A.7G**).

Nevertheless, the Firm will gather relevant market data in order to check whether the OTC price offered for a client is fair and delivers on the best execution obligation (**COBS 11.2A.7G**). When executing orders or taking decisions to deal in OTC products including bespoke products, the Firm will check the price proposed to the client, by gathering market data used in the estimation of the price of such product and, as may be possible, by comparing it with similar products (**COBS 11.2A.8EU**).

When checking the fairness of a price concerning OTC products, the Firm will ensure that it has the necessary procedures and arrangements in place to perform relevant checks as well as appropriate valuation systems. The Firm will:

- use technology and data analytics to scrutinise the methodologies and inputs underpinning any valuation processes and pricing models used for OTC products in order to ensure that they are consistently checking the fairness of the price; and
- undertake the necessary checks on the fairness of the price and ensure that it is reflected in their arrangements.

The Firm will justify any pricing decisions, and have systems in place to ensure that decisions are taken with the client's best interests in mind and are not subject to any conflicts of interest.]]

## RELEVANT CRITERIA AND FACTORS

The below is designed to meet the obligations to provide an account of the relative importance the Firm assigns, in accordance with the best execution criteria to the execution factors, or the process by which the Firm determines the relative importance of those factors (**COBS 11.2A.25EU**).

Execution of decisions and placing orders to deal on behalf of a client must be done in the best interests of the AIF or the client, as applicable (**COBS 2.1.1R**). The Firm takes all sufficient steps to obtain the best possible results for the client. The following are considered to determine what constitutes the best execution criteria (**COBS 11.2A.2R(2)**) for best execution practice, in order of importance:

- price;
- speed;
- costs;
- size;
- nature of the order; and
- likelihood of execution and settlement

The Firm will determine the relative importance of the above execution factors by using its professional experience and judgement and by having regard to the following in order of importance (**COBS 11.2A.8EU**):

- the characteristics of the client, including the categorisation of the client as retail or professional. The Firm only deals with professional clients and, as such, this is a core criteria which will be applied in the same way for all its professional clients;
- the characteristics of the client order, including where the order involves a securities financing transaction (“**SFT**”). The Firm manages most of the clients that are discretionary in a similar fashion so that the characteristics of the client orders do not materially differ, as such this is considered a core criteria;
- the characteristics of financial instruments that are the subject of that order;
- the characteristics of the execution venues to which that order can be directed.

In addition, the Firm will monitor the quality of execution achieved by the entities with which orders are placed or transmitted for execution. It will do so by reviewing every 12 months the quality of the venue as against the best execution criteria and factors above. The Firm will compare and analyse relevant data to obtain best execution for a client, including execution quality data (**COBS 11.2A.33G**).

Within these factors, price will usually be accorded relatively greater importance, although in the case of less liquid securities or instruments, or in more volatile market conditions, other factors may need to be afforded relatively more weight to achieve the best outcome.

## VENUES

The venues used by the Firm are set out below and at least include those execution venues that enable the Firm to obtain, on a consistent basis, the best possible result for the execution of client orders (**COBS 11.2A.21R**):

- 1 Knightsbridge Green, London, SW1X 7NE

The list of venues will be reviewed at least on an annual basis and, if it has changed materially, this will be made available to clients. The Firm considers a ‘material’ change to include a change in 20% or more of the venues in the previous year.

The Firm chooses venues in accordance with qualitative factors such as:

- Clearing schemes, circuit breakers, scheduled actions, or any other relevant consideration; and
- the relative importance of each factor.

The Firm can, in exceptional circumstances, use an execution venue not listed in the policy when executing an order. This might be appropriate on a provisional basis or to accommodate a client request to trade in an unusual instrument (**paragraph 4.3, CESR Q&As**). Before proceeding, the Firm must first obtain prior express consent from the client; such consent may be either in the form of a general agreement or in respect of individual transactions (**COBS 11.2.26R(1)**).

When selecting execution venues for inclusion in the execution policy, the Firm will not take into account the fees and commission that it will charge its clients (**COBS 11.2A.18G**). Nevertheless, the Firm should take into account the effect of its own fees and commission when choosing a venue for the execution of a particular client order.

Where the Firm intends to execute SFTs, relevant venues would be listed separately from execution venues used for other transactions (**COBS 11.2A.26G(3)**) and are available from the CO.

The Firm when executing orders can include a single execution venue in their policy to execute client orders in a given class of financial instruments where they are able to demonstrate that this choice enables them to consistently get the best results for their clients.

The Firm should select a single execution venue only where they can reasonably expect that the selected execution venue will enable them to obtain results for clients that are at least as good as the results that they could reasonably expect from using alternative execution venues. The Firm shall support this reasonable expectation in accordance with published data relating to execution quality (reflecting expectations set out in **COBS 11.2A.38G** and **COBS 11.2C**) and on the Firm's top five execution venues (reflecting the requirement in **COBS 11.2A.39R**) as well as internal analysis conducted by the Firm (**COBS 11.2A.29G**).

When the Firm only includes a single execution venue in a given class of financial instruments, it will:

- regularly assess the market landscape to determine whether or not there are alternative venues that they could use;
- ensure that the use of a single execution venue does not lead them to be over-reliant on that venue; and
- consider transmitting client orders instead of executing them itself where it would deliver a better result for clients, provided the Firm is authorised for reception and transmission of these orders (**ESMA Q&As on MiFID II and MiFIR investor protection and intermediaries topics (dated 18 December 2017):Chapter 1, question 3**).

If the Firm applies different fees depending on the execution venue, it will explain these differences in sufficient detail for the client to understand the advantages and the disadvantages of the choice of a single execution venue (**COBS 11.2A.25EU**).

If the Firm invites clients to choose an execution venue, it should provide fair, clear and not misleading information to prevent the client from choosing one execution venue rather than another on the sole basis of the price policy applied by the Firm (**COBS 11.2A.25EU**).

The Firm will inform clients about the inducements that it may receive from the execution venues. The information must specify the fees charged by the Firm to all counterparties involved in the transaction, and where the fees vary depending on the client, the information must indicate the maximum fees or range of the fees that may be payable (**COBS 11.2A.25EU**). The Inducements and Payment for Research chapter also provides further information on inducements.

Should the Firm charge more than one participant in a transaction, the Firm must inform its client of the value of any monetary or non-monetary benefits received by the Firm (**COBS 11.2A.25EU**).

#### **CLIENT CHOOSING OWN VENUE WARNING**

The Firm recognises that a situation may occur in which a client chooses their own venue (as opposed to a venue which the Firm chooses). In such circumstances, the Firm warns all such clients as follows (**COBS 11.2A.25EU**):

*Any specific instruction from a client may prevent the Firm from taking the steps that it has designed and implemented in its execution policy to obtain the best possible result for the execution of those orders in respect of the elements covered by those instructions.*

#### **CLIENT REQUESTING FURTHER INFORMATION**

Where the Firm executes orders it must answer any reasonable and proportionate requests from clients for information about its policies or arrangements and how they are reviewed. It will answer these requests clearly and within a reasonable time (**COBS 11.2A.25EU**).

If the Firm executes orders outside a trading venue, it must, at the request of the client, provide additional information about the consequences of this means of execution (**COBS 11.2A.25EU**), for example, additional counterparty risk. Where applicable, the Firm will provide information when it executes orders outside a trading venue on the consequences of doing so, noting for example any counterparty risk (**COBS 11.2A.25EU**).

#### **ORDERS PLACED WITH OTHER ENTITIES**

The Firm will request and ensure that it receives information on the execution arrangements in place at the entities with which it places orders. It will ensure that any execution arrangements are compatible with the Firm providing best execution for the clients it manages. The Firm has in place an annual broker review which assesses the value of the service the Firm receives from its brokers and on which the Firm bases its choice of brokers. The broker review is carried out on an annual basis.

#### **DISCLOSURE REGARDING EXECUTION POLICY**

The Firm provides appropriate information in good time to a client about its execution venues (**COBS 2.2A.2R(1)(c)**). The Firm also follows the general disclosure requirements in COBS 11.2A as follows:

The Firm provides “appropriate information” to its clients on its execution policy (**COBS 11.2A.22(1)R**). This is provided by handing over a copy of this best execution policy and receiving a formal confirmation of receipt and approval (11.2A.23R). The Firm keeps a record of all such confirmations of receipt.

As required, the information provided clearly explains how the Firm will execute orders for its clients (**COBS 11.2A.22(2)R**). The information includes details and is written in a way that can be easily understood by clients (**COBS 11.2A.22(3)R**). The Firm aims to disclose sufficient information to enable clients to make a properly informed decision about whether to use the services offered by the Firm.

The Firm only manages a limited list of financial instruments and as such it reasonably believes that there is no need to customise any information that they provide to clients on the execution policy depending on the class of financial instrument and type of the service provided (**COBS 11.2A.25EU**) but will provide such information if necessary.

The Firm deems that the above disclosures cover the obligation that the Firm must inform the client of where the order was executed (**COBS 11.2A.37R**).

## **PUBLICATION OF INFORMATION ON TOP FIVE EXECUTION VENUES**

The Firm must summarise and make public on an annual basis, for each class of financial instruments, the top five execution venues in terms of trading volumes, where it executed client orders in the preceding year, together with information on the quality of execution obtained (**COBS 11.2A.39R**).

The Firm must make this disclosure and publish as follows (**COBS 11 Annex 1EU**) in connection with its obligations under what is known as the “RTS 28 reports”:

- information on the top five execution venues in terms of trading volumes for all executed client orders per class of financial instruments referred to in this policy but not including SFTs;
- information on the top five execution venues in terms of trading volumes for all executed client orders in SFTs for class of financial instruments referred to in this policy; and
- for each class of financial instruments, a summary of the analysis and conclusions they draw from their detailed monitoring of the quality of execution obtained on the execution venues where they executed all client orders in the previous year. The Firm may consolidate some of the information to be disclosed in the summary where such information is common to several or all classes of financial instruments (**ESMA Q&As on MiFID II and MiFIR investor protection and intermediaries topics (dated 18 December 2017): Chapter 1, question 10**).

The Firm must make available this information available to their clients (**COBS 11.2A.38 G; 11.24.34**).

## **MONITORING AND REVIEW**

Where the Firm executes orders it will notify clients of any material changes to their execution arrangements or execution policy (**COBS 11.2A.31R(2)**). The Firm will monitor this at least annually (**COBS 11.2A.35EU**). Further, whenever there is a material change that appears likely to affect the Firm’s ability to continue to obtain the best possible results for its clients and the effectiveness of its execution policy in providing the best possible result for clients, the Firm will amend or enhance the policy, should that appear necessary or desirable.

The CO reports to the Senior Management annually or whenever a material change occurs that might affect the Firm’s ability to apply its policy.