

RTS 28: Annual Quality of Execution Report

Findlay Park Partners LLP (the “Firm”)**RTS 28: Annual Quality of Execution Report****1st January 2019 - 31st December 2019****Summary of regulation**

Investment firms are required to publish on an annual basis, information on the identity of execution venues and the quality of execution obtained under MiFID II (Markets in Financial Instruments Directive).

The requirements are designed to increase transparency related to executing client orders on trading venues including systematic internalisers, market makers or other liquidity providers, which aims to improve investor protection.

Where a firm’s orders are executed directly on an execution venue a firm will need to disclose the top five execution venues in accordance with MiFID II Art 27 (6) & RTS 28. Where orders are transmitted/placed with a broker to execute, a firm will then need to disclose the top five entities where orders are routed in accordance with MiFID II Org Regulation Article 65(6). As the Firm does not execute orders directly on execution venues, the Firm summarises and publishes its top five entities where orders are routed in terms of trading volumes in the preceding year, as well as information on the quality of execution obtained.

Summary of execution analysis

This information is based on the quality of execution obtained where the Firm has executed all client orders in the previous year.

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

Subject to any specific instructions given by its Client(s), when placing orders on their behalf, the Firm will take all sufficient steps to obtain the best possible result for them by taking into account the following execution factors:

- Price;
- Costs;
- Speed;
- Likelihood of execution;
- Settlement;
- Order size;
- Nature;
- Venue; and
- Any other relevant consideration(s).

Best execution applies to all financial instrument types, although execution factors should be considered and applied as appropriate to different instruments depending on their relative importance. In the majority of cases, the Firm would typically expect that the most significant issue to be taken into account will be the total consideration to be paid or received. However, there will be occasions when other factors may be more important or relevant and, as discretionary managers, the Firm may use its judgement and experience to give greater prominence to other execution factors other than price based on the following types of criteria:

| Execution factors other than price | When this execution factor will take precedence over price? |
|------------------------------------|--|
| Costs | In certain situations, the size of the order will mean that the overall costs of the trade should take precedence over price. |
| Speed | In certain situations, the urgency or speed of execution will take precedence over price. |
| Likelihood of execution | In certain market conditions such as restricted liquidity the likelihood of execution or the certainty of an execution outcome will take precedence over price. |
| Settlement | There may be instances where the certainty of settlement may outweigh price as the primary execution factor. |
| Order size | There may be instances where the ability to execute a large order may outweigh price as the primary execution factor. |
| Nature | The nature of the order such as the direction of the order or the financial markets characteristics may influence the decision rather than the price. |
| Venue | There may be instances where the choice of venue may take precedence over price. For example, we prefer to execute listed instruments which may sometimes trade at an inferior price when compared to trading OTC. |
| Counterparty | In certain situations, the selection of a counterparty may outweigh price as the primary execution factor. For example, a counterparty may offer a superior price but might not be included on the approved counterparty list. |

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|---|--|
| <p>A description of any close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders</p> | <p>The Firm does not have any close links, conflicts of interests or common ownerships with respect to any execution venues used to execute orders on behalf of its clients.</p> |
| <p>A description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received</p> | <p>The Firm does not have any arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received.</p> |
| <p>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;</p> | <p>Counterparties on the approved brokers list are subject to an authorisation and ongoing monitoring process, which includes, but is not limited to, a review of the performance of execution services provided by the broker, and the broker’s ability to trade effectively on our clients’ behalf.</p> <p>There have been no changes regarding the listed execution venues during this period.</p> |
| <p>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>The Firm has a Best Execution policy and Aggregation and Allocation of Orders policy which sets out how the Firm executes trades in a manner which is fair and equitable to its client.</p> <p>The Firm only executes orders on behalf of one professional client.</p> |
| <p>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 execute orders on behalf of retail clients.</p> |
| <p>An explanation of how the investment firm has used any data or tools relating to the quality of execution, including any data published under Commission Delegated Regulation (EU) 2017/575 to be inserted before publication [RTS 27]</p> | <p>The Firm utilises the services of two Transaction Cost Analysis (“TCA”) vendors in order to provide analytical data regarding the quality of the Firm’s execution data and incorporates peer group analysis where applicable.</p> <p>Trades that do not meet our expectations are investigated by both the Dealing Team and as a second line of defence, the Compliance Team.</p> <p>Using the Firm’s internal monitoring processes the data is presented and discussed at the Execution Committee to ensure the Firm is meeting its Best Execution requirements and that we have obtained the best possible results for our Client.</p> <p>The approved broker list is kept under constant review as part of this process.</p> <p>The Firm has made efforts to analyse RTS 27 data published by its brokers however analytical data produced by the Firm’s TCA systems continues to provide more meaningful analysis relating to the quality of execution.</p> |

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.

Not applicable, as currently there are no consolidated tape providers in Europe.

Data by class of instrument

| Class of instrument | | Equities - shares and depositary receipts: tick size liquidity bands 1 and 2 | | | | |
|---|---|--|---|---------------------|------------------------|----------------------|
| Notification if < 1 average trade per business day in the previous year | | NO | | | | |
| Top five execution venues ranked in terms of trading volumes (descending order) | | Volume traded as a % of total in that class | Orders executed as % of total in that class | % of passive orders | % of aggressive orders | % of directed orders |
| 1 | UBS Limited LEI REYPIEJN7XZHSUI0N355 | 30.3 | 34.1 | 0 | 0 | 0 |
| 2 | J.P. Morgan Securities PLC LEI ZBUT11V806EZRVWT807 | 19.5 | 16.9 | 0 | 0 | 0 |
| 3 | Citigroup Global Market Limited LEI XKZZ2JZF41MRHTR1V493 | 11.1 | 5.6 | 0 | 0 | 0 |
| 4 | Morgan Stanley LEI 9R7GPTS07KV3UQJZQ078 | 10.9 | 1.3 | 0 | 0 | 0 |
| 5 | Royal Bank of Canada LEI TXDSU46SXBWIGJ8G8E98 | 8.6 | 17.7 | 0 | 0 | 0 |

| Class of instrument | | Equities - shares and depositary receipts: tick size liquidity bands 3 and 4 | | | | |
|---|------------|--|---|---------------------|------------------------|----------------------|
| Notification if < 1 average trade per business day in the previous year | | YES | | | | |
| Top five execution venues ranked in terms of trading volumes (descending order) | | Volume traded as a % of total in that class | Orders executed as % of total in that class | % of passive orders | % of aggressive orders | % of directed orders |
| 1 | N/A N/A | N/A | N/A | N/A | N/A | N/A |

| Class of instrument | | Equities - shares and depositary receipts: tick size liquidity bands 5 and 6 | | | | |
|---|---|--|---|---------------------|------------------------|----------------------|
| Notification if < 1 average trade per business day in the previous year | | NO | | | | |
| Top five execution venues ranked in terms of trading volumes (descending order) | | Volume traded as a % of total in that class | Orders executed as % of total in that class | % of passive orders | % of aggressive orders | % of directed orders |
| 1 | UBS Limited LEI REYPIEJN7XZHSUI0N355 | 23.5 | 26.5 | 0 | 0 | 0 |
| 2 | Citigroup Global Market Limited LEI XKZZ2JZF41MRHTR1V493 | 16.0 | 10.0 | 0 | 0 | 0 |
| 3 | J.P. Morgan Securities PLC LEI ZBUT11V806EZRVWT807 | 11.8 | 12.2 | 0 | 0 | 0 |
| 4 | Morgan Stanley LEI 9R7GPTSO7KV3UQJZQ078 | 11.2 | 6.3 | 0 | 0 | 0 |
| 5 | Royal Bank of Canada LEI TXDSU46SXBWIGJ8G8E98 | 6.3 | 11.2 | 0 | 0 | 0 |

| Class of instrument | | Currencies | | | | |
|---|--|---|---|---------------------|------------------------|----------------------|
| Notification if < 1 average trade per business day in the previous year | | YES | | | | |
| Top five execution venues ranked in terms of trading volumes (descending order) | | Volume traded as a % of total in that class | Orders executed as % of total in that class | % of passive orders | % of aggressive orders | % of directed orders |
| 1 | Brown Brothers Harriman & Co. LEI 5493006KMX1VFTYPYPW14 | 100 | 100 | 0 | 0 | 0 |

| Class of instrument | | Government Bonds | | | | |
|---|--|---|---|---------------------|------------------------|----------------------|
| Notification if < 1 average trade per business day in the previous year | | YES | | | | |
| Top five execution venues ranked in terms of trading volumes (descending order) | | Volume traded as a % of total in that class | Orders executed as % of total in that class | % of passive orders | % of aggressive orders | % of directed orders |
| 1 | Citigroup Global Markets Limited LEI XKZZ2JZF41MRHTR1V493 | 54.7 | 55.9 | 0 | 0 | 0 |
| 2 | J.P. Morgan Securities PLC LEI ZBUT11V806EZRVWT807 | 45.3 | 44.1 | 0 | 0 | 0 |

Definitions

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|---------------------------|--|
| “Passive Order” | Means an order entered into the order book that provided liquidity. |
| “Aggressive Order” | An order entered into the order book that took liquidity. |
| “Directed Order” | An order where a specific execution venue was specified by the client prior to the execution of the order. |
| “Volume Traded” | Investment Association: "By volume we understand the regulation to mean market value." |
| “Orders Executed” | A deal in a specific stock with a specific broker; number of orders. |