



# Best Execution

VERSION 2

3<sup>rd</sup> January 2018



## TABLE OF CONTENTS

<b>1.</b>	<b>Introduction.....</b>	<b>1</b>
<b>2.</b>	<b>Demonstrating best execution .....</b>	<b>1</b>
<b>3.</b>	<b>OTC transactions .....</b>	<b>2</b>
<b>4.</b>	<b>Relevant Criteria and Factors .....</b>	<b>2</b>
<b>5.</b>	<b>Venues .....</b>	<b>3</b>
	Client requesting further information .....	4
	Orders placed with other entities .....	4
	Disclosure regarding execution policy .....	4
	Publication of information on top five execution venues .....	5
	Monitoring and review .....	5



## 1. INTRODUCTION

This policy outlines the processes Gatemore will follow in executing trades or transmitting orders for execution to a third party on your behalf, where the Best Execution Policy applies.

The Firm has put in place a policy to ensure that it acts in the best interests of clients when placing orders and executing decisions (COBS 11.2A). The policy is written in respect of each class of instruments and the entities with which the orders may be placed. The policy includes required disclosures. The policy sets out the framework for the Firm to establish and implement effective arrangements for complying with the obligation to take all sufficient steps to obtain the best possible result for its clients (COBS 11.2A.20R).

The policy is designed to allow the Firm to obtain the best possible result in accordance with the best execution obligation for its client orders (COBS 11.2A.20R). The Firm should apply its execution policy to each client order that it executes with a view to obtaining the best possible result for the client in accordance with this policy (COBS 11.2A.27G).

Furthermore, when the Firm transmits an order for execution to another entity, the Firm will also ensure that it is acting in the best interest of its clients (COBS 11.2.30R).

The Firm will act in the best interests of its clients and adhere to this policy as is practicable. However, it is noted that, given the size and level of trades that are undertaken, the number of brokers and custodians that are willing to work with the Firm is far fewer than much larger peers. This means that, whilst full diligence and close monitoring is undertaken, there are instances when market comparisons are not possible and choices of location, broker, custodian or trade venue are limited. See Section 5 of this Best Execution Policy for further details.

Where the Firm executes orders it will also obtain the prior consent of its clients to its execution policy (COBS 11.2A.23R), notably by providing a copy of its execution policy to its clients.

## 2. DEMONSTRATING BEST EXECUTION

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)). See Section 5 of this Best Execution Policy for further details; 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;
- debt instruments, including notes, loans and bonds;
- units in collective investment undertakings; and
- a wide range of options and derivative instruments.

### 3. 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 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 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 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.

### 4. RELEVANT CRITERIA AND FACTORS

The below is designed to meet the Firm's obligation that it is required to provide to its clients an account of the relative importance that the Firm assigns, in accordance with the best execution criteria, to:

- the execution factors (detailed below); 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:

- likelihood of execution and settlement;
- size;
- price;
- costs;
- speed;
- nature of the order; and
- any other relevant factors (which would be raised by the Firm if the above 6 criteria do not help to form a full view).

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, but similar criteria apply for all clients;
- the characteristics of the client order;
- 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), keeping in mind the limitations set out in Section 5 of this Best Execution Policy.

## 5. 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):

- Global Reach (FX)
- Numis (equities for GCM Partners)
- Winterflood (equities for Gatimore Multi-Asset Fund)
- Goldman Sachs (FX and derivatives for certain clients)

The Firm chooses venues in accordance with qualitative factors.

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). This possibility is notified to the client by ensuring that they are given a copy of this policy (COBS 11.2A.24R(1)).

When executing orders, the Firm will include a single execution venue in its policy to execute client orders in a given class of financial instruments where this is the only commercially viable option or where it is able to demonstrate that this choice enables it to consistently get the best results for its clients.

When the Firm includes a single execution venue in a given class of financial instruments, it will assess, on at

least an annual basis, the market landscape to determine whether or not there are alternative venues that it could use.

If it becomes a commercially viable option for the Firm to have the choice of more than one execution venue, then, if the Firm applies different fees to its clients depending on the execution venue, the Firm must explain the differences in sufficient detail in order to allow the client to understand the advantages and disadvantages of the choice of a single execution venue (COBS 11.2A.25EU).

The Firm will inform clients about the inducements that it may receive from the execution venues, although it is unlikely that the Firm will receive any material inducements. 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).

### **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). 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 a broker review which it carries out on at least an annual basis and which assesses the value of the service the Firm receives from its brokers and on which the Firm bases its choice of brokers.

### **Disclosure regarding execution policy**

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

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 must publish this information on its website in an electronic format available for downloading by the public. This should be made public on or before 30 April following the end of the period to which the report relates. The report must be kept in the public domain for a minimum period of two years.

### **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 at least annually and whenever there is a material change that appears likely to affect its ability to continue to obtain the best possible results for its clients, the effectiveness of its execution policy in providing the best possible result for clients and 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.