

# Best Execution, Order and Placement Policy

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## 1. Purpose

### 1.1 Introduction

- 1.1.1 The Markets in Financial Instruments Directive (“MiFID”) requires Thesis to provide our clients with appropriate information on our Policy for obtaining best execution that we will follow when placing orders with other entities for execution that results from our decision to deal in financial instruments on your behalf.

## 2. Our Obligation

- 2.1 Thesis is obliged to take all sufficient steps to obtain the best possible result for clients when placing an order for execution, taking into account the factors that can affect execution. We also have an obligation to implement procedures which provide for the prompt, fair and expeditious execution of client orders in relation to other client orders.

## 3. Scope

- 3.1 This Policy applies only to those customers that have been classified by Thesis as “Professional Clients” or “Retail Clients”, in accordance with the MiFID defined term. This Policy is not applicable to “Eligible Counterparties” or to clients that make their own trading decisions and trade completely at their own discretion.
- 3.2 The policy only applies to trading undertaken in respect of financial instruments in accordance with the MiFID defined term.

## 4. Specific Instructions

- 4.1 Where Thesis is given specific instructions with regards to the execution of an order, we will execute the order in accordance with the specific instructions given. Such instructions may prevent us from taking the steps set out in our policy to obtain the best possible result for the execution of your order in respect of the elements covered by those instructions. Where applicable, other aspects of the order not covered by the specific instruction will be processed in line with our obligations under this policy.

- 4.2 Thesis’s interpretation of common type of orders received cover the following;

‘At Best’: an order to buy or sell at the best price available in the market at that time. We will deal at best unless you state otherwise. Where an order is greater than the normal market size of the stock to be traded, the price attained may be outside the bid and ask price.

‘At Limit’: an order to buy (buy limit) or sell (sell limit) at a specified price or better. We use level 1 real time data published by the London Stock Exchange to determine whether your order has been triggered.

## 5. Execution Factors

5.1 The factors which must be accounted for in any best execution determination for the asset classes traded in hierarchical order include:

### 5.1.1 Equities

- price, which may include explicit transaction costs, bid-ask spread or net price;
- implicit transaction costs or market impact;
- potential speed of execution;
- likelihood of execution and settlement;
- size and nature of the order;
- price momentum before and during order execution;
- any other considerations relevant to the execution of the order.

### 5.1.2 Debt Instruments

- price, which may include explicit transaction costs, bid-ask spread or net price;
- implicit transaction costs or market impact;
- potential speed of execution;
- likelihood of execution and settlement;
- size and nature of the order;
- implicit transaction costs or market impact;
- price momentum before and during order execution;
- any other considerations relevant to the execution of the order.

### 5.1.3 Structured Products

- likelihood of execution and settlement;
- price, dependant on valuation, if fair value deems it attractive to purchase;
- implicit transaction costs or market impact;
- potential speed of execution;
- size and nature of the order, if more purchases result in a breach of units initially issued;
- price momentum before and during order execution;
- any other considerations relevant to the execution of the order.

5.2 The relative importance of these factors may change depending on the specific order at hand. We must consider these factors in light of:

- Information about market conditions;
- characteristics of the order;
- nature of the financial product;
- characteristics of the client's investment objectives, attitude to risk, etc.;
- characteristics of the potential execution venues.

5.3 Each of these factors will play a part in determining the priority of the execution factors for any specific order. **While price will often have a priority ranking**, the total consideration is a function of the priority given to the other factors.

## 6. The Role of Price

- 6.1 For a retail client, the best possible result will always be determined in terms of the “total consideration”. The total consideration represents:
- The price of the financial instrument; and
  - The costs related to execution, which will include any expenses incurred by you which are directly related to the execution of your order. This can include:
    - Execution venue fees;
    - Clearing and settlement fees; and
    - Any other fees paid to third parties involved in the execution of the order.
- 6.2 Therefore when dealing for you or on your behalf, obtaining the best result in terms of total consideration will ordinarily take precedence over the other execution factors listed in Section 5 above.
- 6.3 However, there may be instances when speed, likelihood of execution and settlement, the size and nature of the order, market impact and any other implicit transaction costs will be more important in executing a trade than the immediate price and cost consideration. Should any of these take primacy in executing a trade, we will deal accordingly, but always aim to achieve the best consideration outcome given those other constraints.

## 7. Order Handling

- 7.1 Trades in financial instruments such as equities, warrants, exchange traded funds, government and corporate bonds will be routed to our execution venues through our electronic order routing system. This system automatically obtains quotes and places your trade with the Execution venue providing the best price.

Orders that cannot be transacted through the electronic order routing system will be dealt manually through the market by our Dealers.

## 8. Execution Entities

- 8.1 Where we owe a client a Best Execution Obligation, we may place orders for execution using a variety of different entities. These will include ones that we believe will enable us to obtain on a consistent basis the best possible result on behalf of our clients. The nature of the product or instrument that is to be traded as part of an order will determine the individual entities that we may be able to use to execute the order. For specific products we may have access to only one type of entity or only a single entity.
- 8.2 Client orders are executed through the following different types of entities open to TAM Limited listed in Appendix 1.
- 8.3 These entities will have access to the following types of trading venues, including:
- venues having regulated market status under MiFID or classed equivalently in countries outside the EEA;
  - trading platforms having Multi-lateral trading facility (“MTF”) status and Organised Trading Facilities (OTF) under MiFID II;
  - Unit Trust / ICVC operators/Authorised Corporate Directors;
  - other OTC sources of liquidity such as:
    - order crossing networks and electronic trading platforms not having regulated market or MTF status under MiFID II;

- 8.4 By using OTC sources of liquidity we will be executing client orders outside a regulated market or MTF. You may choose not to have us access OTC sources of liquidity, though this may restrict our ability to execute orders in certain types of instrument or product and/or to obtain the best possible result when executing those orders on your behalf.
- 8.5 Thesis will typically pass an order to your custodian or a broker for execution. In such cases we will only consider approved and vetted brokers that have execution arrangements that enable us to comply with our obligations to provide best execution and to act in the clients' best interests.

## **9. Client Limit Orders**

- 9.1 Unless a client expressly instructs otherwise, we are required to put on immediate public display all unexecuted limit orders in shares admitted to trading on a regulated market.
- 9.2 By consenting to this policy you are agreeing to Thesis making public your unexecuted client limit orders.
- 9.3 Limit orders will be left open for upto a maximum 90days unless advised otherwise if less than 90days.

## **10. Internal Crossing & Derivatives**

- 10.1 Cross trades will not be undertaken by TAM Limited internally, however, such an order will be executed through one of our Approved Execution Venues as per Appendix 1.
- 10.2 TAM Limited do not currently trade in Derivative products.

## **11. Placement of Orders**

- 11.1 TAM Limited has enlisted Brokers which have been selected to place orders, this list can be found in Appendix 1.
- 11.2 The Approved brokers will enable TAM Limited to discharge its obligation to act in the best interest of the client.
- 11.3 Orders placed with Approved Brokers will be sent electronically, telephone or chatrooms setup for the purpose of sending execution instructions.

## **12. Monitoring and Reviewing**

- 12.1 Thesis will monitor the effectiveness of its order execution arrangements and order execution policy in order to identify and, where appropriate, incorporate any amendments to procedures. We will assess, on a regular basis, whether the execution venues included in the order execution policy provided for the best possible result for its clients or whether it needs to make changes to its execution arrangements.
- 12.2 The summary of order execution assessment for the previous year (2017) can be located in [Appendix 3](#) of this document.

## 13. Disclosure

- 13.1 The Order Execution Policy is provided to clients via the [Thesis website](#). We must obtain the express permission of our clients, and this is reflected within the various agreements.

## Appendix 1: Execution Venues

This must be consistent with those brokers approved under the Broker Approval & Due Diligence Policy.

### Equities and ETFs:

- A J Bell Securities Limited;
- Winterflood Securities Limited;
- Stifel Nicolaus Europe Limited (*formerly Oriel Securities Limited*);
- Cenkos Securities Plc;
- Canaccord Genuity Limited;
- Numis Securities Limited;
- Peel Hunt LLP;
- J. P. Morgan Securities Plc;
- Fidante Partners Europe Limited (*formerly Dexion Capital plc.*)
- Susquehanna Securities Limited
- Bloomberg Tradebook Limited

### Fixed Interest:

- A J Bell Securities Limited;
- Winterflood Securities Limited;
- Peel Hunt LLP.
- Canaccord Genuity Limited;
- J. P. Morgan Securities Plc;

### Structured Products

- Product Provider

### Derivatives:

- ADM Investor Services International Limited (ADMISI)

### Collective Investment Schemes:

- Orders for Collective Investment Scheme units/shares will generally be conducted directly with the fund's administrator/custodian. We will regularly review this arrangement to ensure that it continues to minimise the total consideration for clients and remains consistent with the best possible result requirements.

### Foreign Exchange:

- AJ Bells Securities Limited
- Northern Trust Limited (custodian broking arm)



## Appendix 2: Definitions

Cross Trades are when buy and sell orders for the same stock are offset against each other or occurs when a broker executes both a buy and a sell for the same security from one client account to another where both accounts are managed by the same portfolio manager.

Eligible counterparties (ECPs) are considered to be the most sophisticated investor or capital market participant.

Execution is where the portfolio management firm executes an order directly against an execution venue (e.g. a regulated market, MTF, OTF or SI, including RFQ, use of MarketAxess etc.) or a market maker or other liquidity provider.

Execution venue means a regulated market, an MTF, a systematic internaliser, or a market maker or other liquidity provider or an entity that performs a similar function in a third country to the functions performed by any of the foregoing.

Placement is where the portfolio management firm places an order with another entity for it to execute, such as a broker or group dealing desk.

MiFID II is The Markets in Financial Instruments Directive 2004/39/EC (known as "MiFID") as subsequently amended is a European Union law that provides harmonised regulation for investment services across the 31 member states of the European Economic Area (the 28 EU member states plus Iceland, Norway and Liechtenstein).

Multilateral trading facility (MTF) is a trading system that facilitates the exchange of financial instruments between multiple parties. Multilateral trading facilities allows eligible contract participants to gather and transfer a variety of securities, especially instruments that may not have an official market.

Organised trading Facility (OTF) is a new trading venue introduced by MiFID II, where is it a unilaterial system that is not a RM or MTF. Within an OTF, multiple third-party buying and selling interests in bonds, structured finance products, emission allowances or derivatives are able to interact in a way that results in a contract. Equities are not permitted to be traded through an OTF.

Professional clients are considered to possess the experience, knowledge and expertise to make their own investment decisions and assess the risks inherent in their decisions. MiFID recognises certain persons as having these qualifications and automatically classifies them as professional clients.

Retail clients are clients who are not professional clients or eligible counterparties.

Regulated Market (RM) is a multilateral system that is operated or managed by a market operator and that brings together or facilitates the bringing together of multiple third-party buying and selling interests in financial instruments within the system.

## Appendix 3: 2017 Annual Best Execution Report

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## i. Glossary

Touch or spread	<p>A company's share price spread, or touch, is the smallest available difference between its bid (the buying price) and offer (the selling price) prices.</p> <p>Example; Vodafone price quote: (bid price) 210p – 211p (offer price) Thesis execution could be at or between 210p and 211p depending if purchased or selling.</p>
Retail Service Provider	<p>(RSP) - Also known as a market maker, it is a company that is always ready to both buy and sell a stock at all times, aiming to make a profit from the difference between the bid price and the offer price.</p>
Exchange Traded Products	<p>ETPs are a type of security that is derivatively priced and trades intra-day on a national securities exchange. ETPs are priced so the value is derived from other investment instruments, such as a commodity, a currency, a share price or an interest rate.</p> <p>Generally, ETPs are benchmarked to stocks, commodities or indices. They can also be actively managed funds. ETPs include exchange-traded funds (ETFs), exchange-traded vehicles (ETVs), exchange-traded notes (ETNs) and certificates.</p> <p>The most popular type of ETP is the ETF. An ETF, is a marketable security that tracks an index, a commodity, bonds, or a basket of assets like an index fund.</p>
Care orders	<p>A trade where a market maker uses various trading strategies to execute an order in the market. Strategies include;</p> <ul style="list-style-type: none"> <li>• Volume of percentage</li> <li>• Following volume weighted average price</li> </ul>
Third Party Proprietary Electronic Liquidity [The Portal]	<p>"WinnerTrader", a Winterfloods Securities product that provides real time access to two electronic trading platforms</p>
TAM	<p>Thesis Asset Management Limited</p>
Total Consideration	<p>This represents the price of the financial instrument and the costs related to execution, which will include any expenses incurred by you which are directly related to the execution of your order. This can include:</p> <ul style="list-style-type: none"> <li>o Execution venue fees;</li> <li>o Clearing and settlement fees; and</li> <li>o Any other fees paid to third parties involved in the execution of the order e.g. commission.</li> </ul>
Brid Price	<p>The price a buyer is willing to pay for a security. This is one part of the bid, with the other being the bid size, which details the amount of shares the broker is willing to purchase at the bid price.</p>
Execution Management System	<p>Bloomberg EMSX, enables access to pre-trade analytics, order routing, analyse performance, assess broker activity</p>
MiFID II	<p>Markets In Financial Instruments Directive "MiFID II" is a legislative framework instituted by the European Union to regulate financial markets in the bloc and improve protections for investors with the aim of restoring confidence in the industry after the financial crisis exposed weaknesses in</p>

the system. It is a revised version of the Markets In Financial Instruments Directive, or MiFID, and was rolled out on January 3, 2018, more than six years after the European Commission adopted a legislative proposal for the revision.

Tick size liquidity band	Liquidity range based on the average daily number of transactions for a given financial instrument.
Transaction cost analysis (TCA)	The study of trade prices to determine whether the trades were arranged at favourable prices – low prices for purchases and high prices for sales.
Proportion of volume traded as a percentage of total in that class	Volume = Trade price x quantity traded Non-GBP volume converted into GBP at end of day foreign exchange rate.
Proportion of orders executed as percentage Of total in that class	Orders executed implies the number traded filled by a Broker.

## 1. Purpose

### 1.1 Introduction

The second Markets in Financial Instruments Directive (“MiFID II”) requires Thesis to provide to our clients on an annual basis a summary of the analysis and conclusions drawn from detailed monitoring of the quality of order execution. The data is obtained from the trade venues where all client orders were fulfilled in the previous year in relation to client orders completed with approved Execution Venues. A list of these venues used by Thesis can be found in the Order and Execution Policy, Appendix 1: Execution Venues.

## 2. Our Obligation

2.1 Thesis is obliged to take all sufficient steps to obtain the best possible result for clients when placing an order for execution, taking into account the factors that can affect execution. We also have an obligation to implement procedures which provide for the prompt, fair and expeditious execution of client orders.

## 3. Scope

3.1 This report applies to those customers that have been classified by Thesis as “Professional Clients” or “Retail Clients”, in accordance with the MiFID II definitions. For the purposes of execution of client orders, Thesis classifies all clients as “Retail”.

## 4. Execution Factors

4.1 The factors accounted for in any best execution determination for the asset classes traded in hierarchical order include:

### 4.1.1 Equities

- price, which may include explicit transaction costs, bid-offer spread or net price;
- implicit transaction costs or market impact;
- potential speed of execution;
- likelihood of execution and settlement;
- size and nature of the order;
- price momentum before and during order execution;
- any other considerations relevant to the execution of the order.

### 4.1.2 Debt Instruments

- price, which may include explicit transaction costs, bid-offer spread or net price;
- implicit transaction costs or market impact;
- potential speed of execution;
- likelihood of execution and settlement;
- size and nature of the order;
- implicit transaction costs or market impact;
- price momentum before and during order execution;
- any other considerations relevant to the execution of the order.

#### 4.1.3 Structured Products

- likelihood of execution and settlement;
- price, dependant on valuation, if fair value deems it attractive to purchase;
- implicit transaction costs or market impact;
- potential speed of execution;
- size and nature of the order, if more purchases result in a breach of units initially issued;
- price momentum before and during order execution;
- any other considerations relevant to the execution of the order.

#### 4.1.4 Exchange Traded Products

- price, which may include explicit transaction costs, bid-offer spread or net price;
- implicit transaction costs or market impact;
- potential speed of execution;
- likelihood of execution and settlement;
- size and nature of the order;
- price momentum before and during order execution;
- any other considerations relevant to the execution of the order.

4.2 The relative importance of these factors may change depending on the specific order at hand. The Dealers considered these factors in light of:

- Market conditions;
- Characteristics of the order and the financial instrument;
- Characteristics of the execution venues which influence their ability to fulfil order(s);
- Intention of the Investment manager/ Research team/ Client.

4.3 Each of these factors will play a part in determining the priority of the execution factors for any specific order. **While price will often have a priority ranking**, the Dealers will place importance on the total consideration (price of the instrument and cost of execution, both implicit and explicit).

## 5. Order Handling

5.1 Trades in financial instruments such as equities, exchange traded products and debt instruments are initially routed to a single execution venue (Third Party Proprietary Electronic Liquidity [Portal] provider).

5.2 This portal will successfully fill an order at best price. The best price implies achieving either the bid/ offer price or inside the quoted spread at the point of dealing. For example, a purchase of shares in BT Group quoted at 245p – 246p will be bought at either 246p or between 245p and 246p. The conditions that enable a successful route are;

- Order book for the relevant financial instrument has an adequate number of shares, and/ or,
- Third Party Proprietary Electronic Liquidity has liquidity in its internal pool.

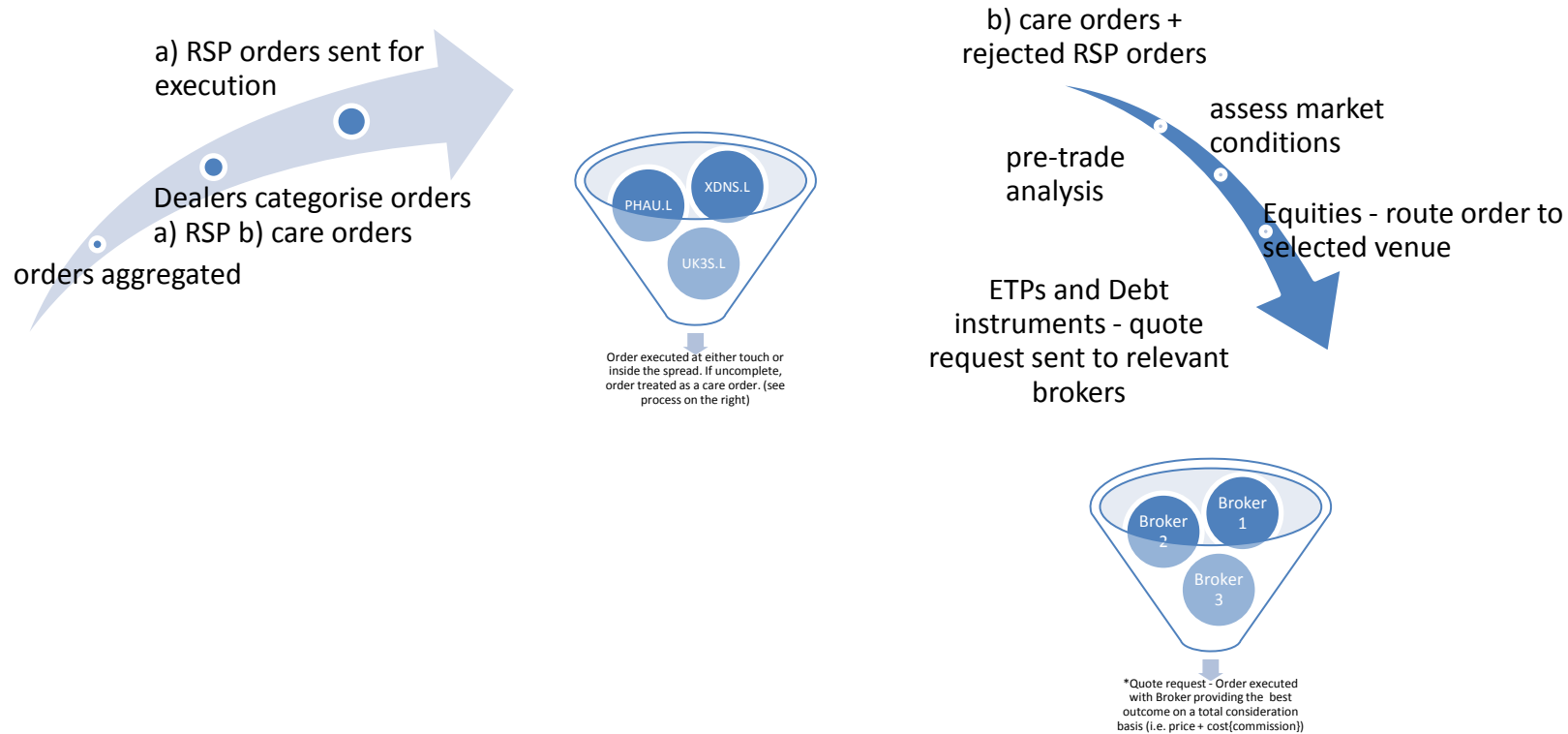
5.3 Unsuccessful routes and large orders omitted from the route will be treated as a care order and dealt in one of the following manner;

- Pre-trade analysis assessed to select appropriate strategy and execution venue to route order,
- Input trade(s) into an Execution Management System that enables the Dealers to route the trade to the selected execution venue,
- Advise trader at execution venue the strategy to follow.

- 5.4 The Dealer(s) will reference the Broker(s) price to the quoted price or average price during a specified time on the Order Book of the financial instrument, account for the commission charge (if applicable) and execute with the Broker where the total consideration is minimised if buying and maximised if selling.
- 5.5 Trades in structured products are executed with the Product Provider.
- 5.5 Exhibit 1: Order process – describes the above.



**Exhibit 1: Order process for Equities, Exchange Traded products and Debt instruments**



## 6. Execution Quality Assessment

- 6.1 Thesis has no close links with any execution venues used to execute orders.
- 6.2 Thesis has the following trading arrangements in place;
- Routing orders in financial instruments (equities, debt instruments, exchange traded products) via the Portal administered by a single trade venue where executions are commission free (excludes certificated trades which attract a fixed charge),
- An ETF trade venue charges nil commissions for executions.
- 6.3 Brokerage firms remain on our approved list subject to the approval and ongoing monitoring, which includes;
- Financial assessment of broker
  - Minimise costs
  - Trading expertise
  - Broker infrastructure
  - Provision of information or services
  - Screening against various regulatory, sanctions and other criteria
- 6.4 Monitoring of the quality of execution obtained from the Brokers for the execution of orders for our clients is achieved by using;
- Transaction cost analysis (TCA) reports received from execution venues
  - Internal assessment criteria which includes pre- and post-trade analysis
    - indications of interest
    - broker rankings
    - volumes traded by approved execution venues
- 6.5 Commission scales;
- 1 execution venue charge no commissions for equity and debt instrument retail flow
  - 1 execution venue charge no commissions for ETFs
  - 4 execution venues charge a flat rate of 5 basis points
  - 1 execution venue has a tiered commission scale
    - Fixed rate to a threshold amount
    - Flat rate above this threshold
  - 1 execution venue charge between 5 – 10 basis points depending on the liquidity of the stock
  - 4 execution venues charge more than 10 basis points
- 6.6 The summary assessment and conclusion of the quality of execution given below segregates financial instruments into classes as specified by regulation as follows;
- Equities - Shares and Depositary Receipts: Tick size liquidity bands 1 and 2
  - Equities - Shares and Depositary Receipts: Tick size liquidity bands 3 and 4
  - Equities - Shares and Depositary Receipts: Tick size liquidity bands 5 and 6
  - Debt Instruments
  - Exchange traded products
  - Securities Derivatives: Other Securitised Derivatives
  - Other instruments

6.6 Equities - Shares and Depositary Receipts: Tick size liquidity bands 1 and 2

**Exhibit 2: Equities - Shares and Depositary Receipts: Tick size liquidity bands 1 and 2**

<b>Class of Instrument</b>	<b>Equities - Shares and Depositary Receipts: Tick size liquidity bands 1 and 2</b>				
Notification if <1 average trade per business day in the previous year	N				
Top five execution venues ranked in terms of trading volumes (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
Winterflood Securities Limited - 8BRUP6V1DX3PIG2R0745	36.70%	76.77%			
Peel Hunt LLP - 5493007DWN0R4YBM4C84	18.12%	10.03%			
Numis Securities Limited - 213800P3F4RT97WDSX47	17.33%	8.58%			
Bloomberg Tradebook - 5493002FO2Q9EGLQ2416	13.01%	1.00%			
JP Morgan Securities Plc - K6Q0W1PS1L1O4IQL9C32	5.94%	1.00%			

6.6.1. 70.64% of orders were executed via a single third party liquidity provider where price is the important factor. Price attained was either at bid/ offer price or better (i.e. inside the spread).

6.6.2. The balance, 29.36% of orders, were executed as care orders. 70.97% of care orders were executed incurring a commission. Our execution approach of these orders included;

- Pre-trade analysis, we assessed the Brokers most active in the stock, Broker(s) naturally the other side of our order (i.e. if TAM is selling the Broker is a buyer).
- Likelihood of execution

6.6.4 Other criteria given precedence over immediate price and cost included;

- Characteristic of the order which covered;
  - o Primary market of the financial instrument (i.e. foreign market)
  - o Ability to settle the trade in the preferred currency (i.e. not the base currency of the stock)

This impacted 0.39% of our orders. The above criteria enabled us to achieve the best possible outcome as the order was routed to the broker best placed to deliver.

Monitoring of the quality of execution obtained from the Brokers for the execution of orders for our clients is achieved by using;

- transaction cost analysis (TCA) reports received from Brokers,
- internal assessment criteria which includes pre- and post-trade analysis

6.7 Equities - Shares and Depositary Receipts: Tick size liquidity bands 3 and 4

**Exhibit 3: Equities - Shares and Depositary Receipts: Tick size liquidity bands 3 and 4**

<b>Class of Instrument</b>	<b>Equities - Shares and Depositary Receipts: Tick size liquidity bands 3 and 4</b>				
Notification if <1 average trade per business day in the previous year	N				
Top five execution venues ranked in terms of trading volumes (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
Winterflood Securities Limited - 8BRUP6V1DX3PIG2R0745	35.65%	80.89%			
Peel Hunt LLP - 5493007DWN0R4YBM4C84	24.80%	13.69%			
Numis Securities Limited - 213800P3F4RT97WDSX47	17.71%	3.96%			
JP Morgan Securities Plc - K6Q0W1PS1L1O4IQL9C32	8.83%	0.59%			
Jefferies International Limited - S5THZMDUJCTQZBTRV198	6.95%	0.09%			

6.7.1 77.54% of orders were executed via a single third party liquidity provider where price is the important factor. Price attained was either at bid/ offer price or better (i.e. inside the spread).

6.7.2 The balance, 22.46% of orders, were executed as care orders. 52.29% of care orders were executed incurring a commission. Our execution approach of these orders included;

- Pre-trade analysis, we assessed the Brokers most active in the stock, Broker(s) naturally the other side of our order (i.e. if TAM are selling the Broker is a buyer).
- Likelihood of execution

6.8 Equities - Shares and Depositary Receipts: Tick size liquidity bands 5 and 6

**Exhibit 4: Equities - Shares and Depositary Receipts: Tick size liquidity bands 5 and 6**

<b>Class of Instrument</b>	<b>Equities - Shares and Depositary Receipts: Tick size liquidity bands 5 and 6</b>				
Notification if <1 average trade per business day in the previous year	N				
Top five execution venues ranked in terms of trading volumes (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
Winterflood Securities Limited - 8BRUP6V1DX3PIG2R0745	44.21%	89.37%			
Peel Hunt LLP - 5493007DWN0R4YBM4C84	33.71%	8.86%			
Bloomberg Tradebook - 5493002FO2Q9EGLQ2416	12.66%	0.43%			
Stifel Nicolaus Europe Limited - 213800BVEFNZ8UYPKL03	5.55%	0.18%			
Numis Securities Limited - 213800P3F4RT97WDSX47	3.22%	1.05%			

6.8.1 86.76% of orders were executed via a single third party liquidity provider where price is the important factor. Price attained was either at bid/ offer price or better (i.e. inside the spread).

6.8.2 The balance, 13.24% of orders, were executed as care orders. 50.00% of care orders were executed incurring a commission. Our execution approach of these orders included;

- Pre-trade analysis, we assessed the Brokers most active in the stock, Broker(s) naturally the other side of our order (i.e. if TAM are selling the Broker is a buyer).
- Likelihood of execution

**Conclusion**

- This applies to all the classes under Equities - Shares and Depositary Receipts, notably,
  - Tick sizes 1 and 2
  - Tick sizes 3 and 4
  - Tick sizes 5 and 6
- Upgrade Dealing systems and increase the number of connections to all current approved execution venues, this implies routing orders to multiple execution venues initially than currently the single portal used.
- Improve TCA tools to enable more granular analysis
- The firm is satisfied with the quality of execution currently achieved in the previous year

6.9 Debt Instruments

**Exhibit 5: Equities – Debt instruments**

Class of Instrument	Debt Instruments: Bonds				
Notification if <1 average trade per business day in the previous year	Y				
Top five execution venues ranked in terms of trading volumes (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
Winterflood Securities Limited - 8BRUP6V1DX3PIG2R0745	90.47%	81.52%			
Peel Hunt LLP - 5493007DWN0R4YBM4C84	8.77%	15.22%			
Canaccord Genuity Limited - ZBU7V5N1MN41LRF23	0.23%	1.09%			
AJ Bell Securities Limited - 213800Y4I7TN34WUBD71	0.53%	2.17%			

6.9.1 81.52% of orders were executed via The Portal administered by a single entity where executions are completed at touch or within the spread.

6.9.2 Unsuccessful orders will be traded by way of trading at the best price from a selection of Brokers from which the Dealers would have received quote prices. Execution costs are as per industry standard and counterparty risk relatively low.

6.9.3 **Conclusion**

The breadth of type of instruments traded by the firm has decreased over the years with the majority of executions being comparable to retail flow. Executions

achieved have matched our expectations. The firm will not seeking new venues, but anticipates some execution venues may cease the relationship.

#### 6.10 Securities Derivatives: Other Securitised Derivatives

##### **Exhibit 6: Equities - Securities Derivatives: Other Securitised Derivatives**

Class of Instrument	<b>Securitized Derivatives: Other Securitized Derivatives</b>				
Notification if <1 average trade per business day in the previous year	N				
Top five execution venues ranked in terms of trading volumes (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
Societe Generale - O2RNE8IBXP4R0TD8PU41	49.83%	41.10%			
HSBC Bank Plc (Gem Division) - MP615ZYZBEU3UXPYFY54	31.32%	29.32%			
Goldman Sachs - W22LROWP2IHZNBB6K528	18.85%	29.59%			

6.10.1 This class of financial instruments relates to structured products. Due to the nature of the product(s) executed, liquidity can only be sourced from the Product provider, thus likelihood of execution would not be considered a high priority as this is guaranteed. Execution costs are as per industry standard and counterparty risk relatively low number of units available has been determined at the product launch. Redemptions merely represent cancellations of units held. Monthly checks are done to ensure pricing of the structured products is fair and represents the current state of the market.

6.10.2 During the calendar year, no new products were launched for this asset class for the firm thus no venues added.

##### Conclusion

All orders executed with the product provider have matched with our expectations.

6.11 Exchange Traded Products (Exchange Traded Funds, Exchange Traded Notes and Exchange Traded Commodities)

**Exhibit 7: Equities - Exchange Traded Products**

<b>Class of Instrument</b>	<b>Exchange Traded Products (Exchange Traded Funds, Exchange Traded Notes and Exchange Traded Commodities)</b>				
Notification if <1 average trade per business day in the previous year	N				
Top five execution venues ranked in terms of trading volumes (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
Winterflood Securities Limited - 8BRUP6V1DX3PIG2R0745	38.28%	96.03%			
Susquehanna International Securities Limited - 635400IAV22ZOU1NFS89	58.39%	7.69%			
Bloomberg Tradebook - 5493002FO2Q9EGLQ2416	2.69%	0.39%			
AJ Bell Securities Limited - 213800Y4I7TN34WUBD71	0.58%	0.15%			
Peel Hunt LLP - 5493007DWN0R4YBM4C84	0.05%	0.25%			

6.11.1 93.08% of orders were executed via The Portal provider where price is the important factor with no commissions inquired. Orders routed to this portal administered by a single Broker. Executions are successful when price attained is either at the bid/ offer price or inside the quoted spread at the point of dealing.

6.11.2 For one very large care order, pre-trade analysis led us to offer to seek out the most appropriate counterpart to execute the transaction, thereby minimising total consideration. We approached the ETF provider for confirmation of trading costs and a list of brokers best placed to achieve our expectation on minimising costs. As a result, we approached an Authorised Participant to arrange execution of the order achieving the outcome of minimising the total consideration (price and cost) of executing.

6.11.3 Conclusions

- Care orders were executed at the best price at the point of execution after comparing prices from two or more execution venues,
- Requirement to add to the list of Brokers who can trade ETPs efficiently,
- Upgrade the Dealing systems to improve;
  - receiving two way pricing
  - quote request sent to multiple execution venues.

## 6.12 Other Instruments

### Exhibit 8: Equities - Other Instruments

<b>Class of Instrument</b>	<b>Other Instruments</b>				
Notification if <1 average trade per business day in the previous year	N				
Top five execution venues ranked in terms of trading volumes (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
Winterflood Securities Limited - 8BRUP6V1DX3PIG2R0745	79.25%	92.31%			
Peel Hunt LLP - 5493007DWN0R4YBM4C84	20.75%	7.69%			

6.12.1 92.31% of orders executed via 3rd Party Proprietary Electronic Liquidity provider where price is the important factor. Price attained was either at the bid or offer price better (i.e. inside the spread).

#### Conclusions

Our conclusion of execution quality is that all orders were executed well by the chosen Brokers.



# Best Execution Report

DOCUMENT CONTROL

## Document Details

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Term	Definition	Example
Touch/ Spread	A company's share price spread, or touch, is the smallest available difference between its bid and offer prices.	Vodafone price quote:  (bid price) 210p – 211p (offer price)  Thesis execution could be at or between 210p and 211p depending if purchased or selling.
Retail Service Provider (RSP),	Also known as a market maker. A market maker is a company that's always ready to both buy and sell a stock at all times, aiming to make a profit from the difference between the bid price and the offer price	
Exchange Traded Products (Exchange Traded Funds – ETFs, Exchange Traded Notes – ETNs and Exchange Traded Commodities – ETCs	Exchange-traded products (ETP) are a type of security that is derivatively priced and trades intra-day on a national securities exchange. ETPs are priced so the value is derived from other investment instruments, such as a commodity, a currency, a share price or an interest rate.  Generally, ETPs are benchmarked to stocks, commodities or indices. They can also be actively managed funds. ETPs include exchange-traded funds (ETFs), exchange-traded vehicles (ETVs), exchange-traded notes (ETNs) and certificates.  The most popular type of ETP is the ETF.	
Exchange Traded Funds – ETFs	An ETF, is a marketable security that tracks an index, a commodity, bonds, or a basket of assets like an index fund.	
Care order		
3rd Party Proprietary Electronic Liquidity	WinnerTrader, a Winterfloods Securities product that provides real time access to two electronic trading platforms	
Order book	An order book is an electronic list of buy and sell orders for a specific security or financial instrument, organized by price level.	
TAM	Thesis Asset Management Limited	

# 1. Purpose

## 1.1 Introduction

1.1.1 The Second Markets in Financial Instruments Directive (“MiFID II”) requires Thesis to provide our clients with, on annual basis, a summary of the analysis and conclusions drawn from detailed monitoring of the quality of execution obtained from the execution venues where all client orders were executed in the previous year, in relation to client orders executed with approved Execution venues. A list of the Execution venues used by Thesis can be found in the Order and Execution Policy, Appendix 1: Execution Venues.

1.1.2 This report covers trading activity undertaken during the **2018 calendar year**

# 2. Our Obligation

2.1 Thesis is obliged to take all sufficient steps to obtain the best possible result for clients when placing an order for execution, taking into account the factors that can affect execution. We also have an obligation to implement procedures which provide for the prompt, fair and expeditious execution of client orders in relation to other client orders.

# 3. Scope

3.1 This report applies to those customers that have been classified by Thesis as “Professional Clients” or “Retail Clients”, in accordance with the MiFID defined term. For the purposes of execution of client orders, Thesis classifies all clients as “Retail”.

# 4. Execution Factors

4.1 The factors accounted for in any best execution determination for the asset classes traded in hierarchical order include:

## 4.1.1 Equities

- price, which may include explicit transaction costs, bid-ask spread or net price;
- implicit transaction costs or market impact;
- potential speed of execution;
- likelihood of execution and settlement;
- size and nature of the order;
- price momentum before and during order execution;
- any other considerations relevant to the execution of the order.

## 4.1.2 Debt Instruments

- price, which may include explicit transaction costs, bid-ask spread or net price;
- implicit transaction costs or market impact;
- potential speed of execution;
- likelihood of execution and settlement;
- size and nature of the order;
- implicit transaction costs or market impact;

- price momentum before and during order execution;
- any other considerations relevant to the execution of the order.

#### 4.1.3 Structured Products

- likelihood of execution and settlement;
- price, dependant on valuation, if fair value deems it attractive to purchase;
- implicit transaction costs or market impact;
- potential speed of execution;
- size and nature of the order, if more purchases result in a breach of units initially issued;
- price momentum before and during order execution;
- any other considerations relevant to the execution of the order.

#### 4.1.4 Exchange Traded Products

- price, which may include explicit transaction costs, bid-ask spread or net price;
- implicit transaction costs or market impact;
- potential speed of execution;
- likelihood of execution and settlement;
- size and nature of the order;
- price momentum before and during order execution;
- any other considerations relevant to the execution of the order.

- 4.2 The relative importance of these factors may change depending on the specific order at hand. The Dealers considered these factors in light of:
- Market conditions;
  - Characteristics of the order and financial instrument;
  - Characteristics of the execution venues which influence their ability to fulfil order(s);
  - Intention of the Investment manager/ Research team/ Client,

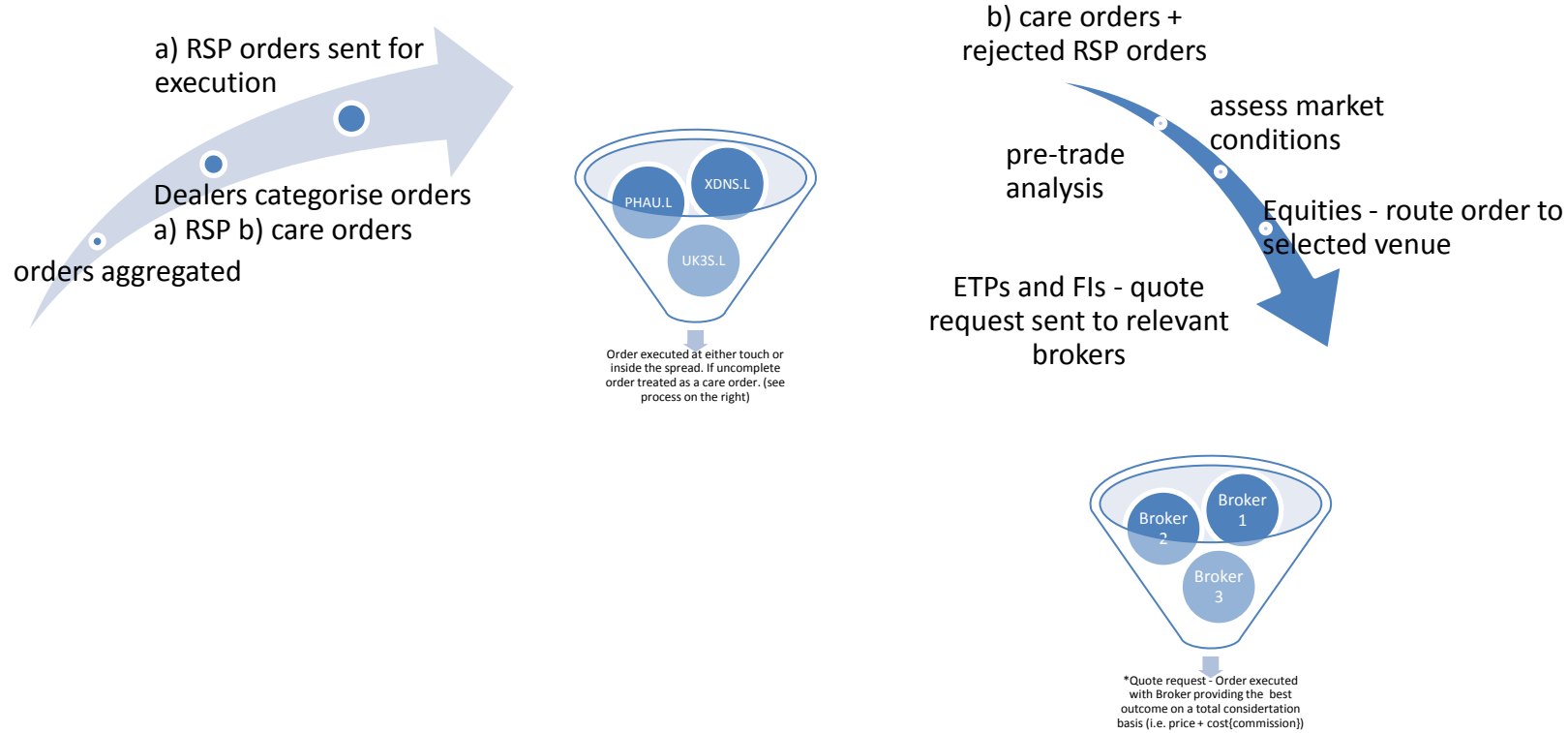
- 4.3 Each of these factors will play a part in determining the priority of the execution factors for any specific order. **While price will often have a priority ranking**, the Dealers will place importance on the total consideration (price of the instrument and cost of execution, both implicit and explicit).

## 5. Order Handling

- 5.1 Trades in financial instruments such as equities, exchange traded products and debt instruments are initially routed to a single execution venue (3rd Party Proprietary Electronic Liquidity [Portal] provider).
- 5.2 This portal will successfully fill an order at best price. The best price implies achieving either the bid/ ask price or inside the quoted spread at the point of dealing. For example, a purchase of shares in BT Group quoted at 245p – 246p will be bought at either 246p or between 245p and 246p. The conditions that enable a successful route are;
- Order book for the relevant financial instrument has adequate number of shares, and or,
  - 3rd Party Proprietary Electronic Liquidity has liquidity in its internal pool.
- 5.3 Unsuccessful routes and large orders omitted from the route will be treated as a care order and dealt in one of the following manner;
- Pre-trade analysis assessed to select appropriate strategy and execution venue to route order,

- Input trade(s) into an Execution Management System that enables the Dealers to route the trade to an execution venue,
  - Advise trader at execution venue the strategy to follow.
- 5.4 The Dealer(s) will reference the Broker(s) price to the quoted price or average price during a specified time on the Order Book of the financial instrument, account for the commission charge (if applicable) and execute with the Broker where the total consideration is minimised if buying and maximised if selling.
- 5.5 Trades in structured products are executed with the Product Provider.
- 5.5 Exhibit 1: Order process – describes the above.

**Exhibit 1: Order process for Equities, Exchange Traded products and Debt instruments**



## 6. Execution Quality Assessment

- 6.1 The firm has no close links with any execution venues used to execute orders.
- 6.2 As a firm, we do not have any specific trading arrangements with our Approved Brokers with regards payments made or received, discounts, rebates or non-monetary benefits received.
- 6.3 Brokerage firms remain on our approved list subject to the approval and ongoing monitoring, which includes;
- Financial assessment of broker
  - Minimise costs
  - Trading expertise
  - Broker infrastructure
  - Provision of information or services
  - Screening against various regulatory, sanctions and other criteria
- 6.4 Monitoring of the quality of execution obtained from the Brokers for the execution of orders for our clients is achieved by using;
- Transaction cost analysis (TCA) reports received from execution venues,
  - Internal assessment criteria which includes pre- and post-trade analysis.
    - indications of interest
    - broker rankings
    - volumes traded by approved execution venues
- 6.5 Commission scales..
- x @ flat rate 5bps
  - x @ no commission
  - X @ tiered commission
  - X between 5 – 10 bps
  - X @ > 10bps
- 6.6 The summary assessment and conclusion of the quality of execution given below segregates financial instruments into classes as specified by regulation as follows;
- Equities - Shares and Depositary Receipts: Tick size liquidity bands 1 and 2
  - Equities - Shares and Depositary Receipts: Tick size liquidity bands 3 and 4
  - Equities - Shares and Depositary Receipts: Tick size liquidity bands 5 and 6
  - Debt Instruments
  - Exchange traded products
  - Other instruments



## 6.7 Equities - Shares and Depositary Receipts: Tick size liquidity bands 1 and 2

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					
Top five execution venues ranked in terms of trading volumes (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
Winterflood Securities Ltd 8BRUP6V1DX3PIG2R0745	38.38%	76.03%			
Numis Securities 213800P3F4RT97WDSX47	25.07%	12.02%			
Peel Hunt LLP 5493007DWN0R4YBM4C84	16.25%	9.96%			
Stifel Nicolaus Europe Ltd 213800BVEFNZ8UYPKL03	14.99%	1.61%			
JP Morgan Securities Plc K6Q0W1PS1L1O4IQL9C32	4.99%	0.21%			

6.6.1. More than seven tenths of orders were executed via a single third party liquidity provider where price is the important factor. Price attained was either at bid/ offer price or better (i.e. inside the spread).

6.6.2. The balance of orders, were executed as care orders. All of care orders were executed incurring a commission. Our execution approach of these orders included;

- Pre-trade analysis, we assessed the Brokers most active in the stock, Broker(s) naturally the other side of our order (i.e. if TAM are selling the Broker is a buyer).
- Likelihood of execution

6.6.4 Other criteria given precedence over immediate price and cost included;

- Characteristic of the order which covered;
  - o Primary market of the financial instrument (i.e. foreign market)
  - o Ability to settle the trade in the preferred currency (i.e. not the base currency of the stock)

## 6.7 Equities - Shares and Depositary Receipts: Tick size liquidity bands 3 and 4

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	Y/N				
Top five execution venues ranked in terms of trading volumes (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
Winterflood Securities Ltd - 8BRUP6V1DX3PIG2R0745	99.58%	40.00%			
Peel Hunt LLP - 5493007DWN0R4YBM4C84	0.42%	60.00%		57.14%	

6.7.1 Orders were executed between two liquidity providers where price is the important factor. Price attained was either at bid/ offer price or better (i.e. inside the spread).

6.7.2 Care orders were executed incurring a commission. Our execution approach of these orders included;

- Pre-trade analysis, we assessed the Brokers most active in the stock, Broker(s) naturally the other side of our order (i.e. if TAM are selling the Broker is a buyer).
- Likelihood of execution

## 6.8 Equities - Shares and Depositary Receipts: Tick size liquidity bands 5 and 6

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					
Top five execution venues ranked in terms of trading volumes (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
Peel Hunt LLP - 5493007DWN0R4YBM4C84	100.00%	100.00%			

6.8.1 All orders were executed via a single third party liquidity provider where price is the important factor. Price attained was either at bid/ offer price or better (i.e. inside the spread).

### Conclusion

- This applies to all the classes under Equities - Shares and Depositary Receipts, notably,
  - Tick sizes 1 and 2
  - Tick sizes 3 and 4
  - Tick sizes 5 and 6
- Upgrade Dealing systems and increase the number of connections to all current approved execution venues, this implies routing orders to multiple execution venues initially than currently the single portal used.
- Improve TCA tools to enable more granular analysis
- The firm is satisfied with the quality of execution currently achieved in the previous year

## 6.9 Debt Instruments

Class of Instrument	Debt instruments, Bonds				
Notification if <1 average trade per business day in the previous year					
Top five execution venues ranked in terms of trading volumes (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
Winterflood Securities Ltd 8BRUP6V1DX3PIG2R0745	97.67%	60.00%			
HSBC Bank Plc (Gem Division) MP6I5ZYZBEU3UXPYFY54	2.33%	40.00%			

6.9.1 All retail bonds were executed via a 3rd Party Proprietary Electronic Liquidity portal administered by a single entity where executions are completed at touch or within the spread.

6.9.2 Structured products were executed via the provider attaining touch price in all circumstances.

### 6.9.3 Conclusion

The breadth of type of instruments traded by the firm has decreased over the years with the majority of executions being comparable to retail flow. Executions achieved have matched our expectations. The firm will not seeking new venues, but anticipates some execution venues may cease the relationship.

## 6.10 Other instruments

Class of Instrument	Other instruments				
Notification if <1 average trade per business day in the previous year					
Top five execution venues ranked in terms of trading volumes (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
Stifel Nicolaus Europe Ltd	45.20%	17.24%			
Winterflood Securities Ltd 8BRUP6V1DX3PIG2R0745	34.46%	41.38%			
LGB Corporate Finance	10.26%	3.45%			
Peel Hunt LLP 5493007DWN0R4YBM4C84	7.00%	6.90%			
GOLDMANSACHS INTERNATIONAL JW22LROWP2IHZNBB6K528	2.71%	20.69%			

6.10.1 This class of financial instruments relates to structured products. Due to the nature of the product(s) executed, liquidity can only be sourced from the Product provider, thus likelihood of execution would not be considered a high priority as this is guaranteed. Execution costs are as per industry standard and counterparty risk relatively low number of units available has been determined at the product launch. Redemptions merely represent cancellations of units held. Monthly checks are done to ensure pricing of the structured products is fair and represents the current state of the market.

6.10.2 During the calendar year, no new products were launched for this asset class for the firm thus no venues added.

### 6.10.3 Conclusion

All order executed with the product provider have matched with our expectations.

## 6.11 Exchange Traded Products (Exchange Traded Funds, Exchange Traded Notes and Exchange Traded Commodities)

Class of Instrument	Equities - Exchange Traded Products (Exchange Traded Funds, Exchange Traded Notes and Exchange Traded Commodities)				
Notification if <1 average trade per business day in the previous year					
Top five execution venues ranked in terms of trading volumes (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
Winterflood Securities Ltd 8BRUP6V1DX3PIG2R0745	85.58%	95.72%	0	0	
Susquehanna Itnl Securities Ltd 635400IAV22ZOU1NFS89	14.41%	3.74%	0	0	
Peel Hunt LLP 5493007DWN0R4YBM4C84	0.01%	0.54%	0	100	

6.11.1 Orders were executed either via a 3rd Party Proprietary Electronic Liquidity (Portal) provider where price is the important factor with no commissions inquired. Orders routed to this portal administered by a single Broker. Executions are successful when price attained is either at the bid/ ask price or inside the quoted spread at the point of dealing. The alternative method for unsuccessful orders on the portal is requested quotes for ETF brokers and trading with the best available quote.

6.11.2 One very large care order, pre-trade analysis lead us seek out the most appropriate counterpart to execute the transaction, thereby minimising total consideration. We approached the ETF provider for confirmation of trading costs and the brokers listed with best placed to achieve our expectation on minimising costs we anticipated to inquire. As a result, we approached an Authorised participant to arrange execution of the order achieving the outcome of minimising the total consideration (price and cost) of executing.

### 6.11.3 Conclusions

- Care orders executed at the best price at the point of execution after comparing prices from two or more execution venues.
- Requirement to add to the list of Brokers who can efficiently trade ETPs
- Upgrade the Dealing systems to improve;
  - receiving two way pricing
  - quote request sent to multiple execution venues.