

Annual Best Execution Disclosure

RTS 28 Report in accordance with the European Markets in Financial Instruments Directive (MiFID II) for the 2018 calendar year

Qualitative Report: MiFID II RTS 28 requirement

Pyrford International response

For each class of financial instruments, 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.

Equities

For large single stock orders we aim to identify counterparts which are sources of natural liquidity. Liquidity and a combination of price, costs and size, are usually the most considered combination of factors when assessing how to minimise market impact. When a natural counterpart is not visible, or for relatively small orders, we use a combination of experience, historical execution data, and market information to route orders to a broker's 'high-touch' desk.

All our trading is done on execution only rates. The rates are competitive institutional market rates in the jurisdictions we place orders. Generally, execution rates vary between markets and range from 3 to 12 basis points. We have negotiated lower rates for algorithm and programme trades as these tend to be for smaller and large volume transactions respectively.

We use programme trading when rebalancing a portfolio or implementing changes to asset allocation. When trading in a basket of stocks simultaneously, a programme trade is generally the most cost-effective and operationally most efficient method of execution. Programme trades are transmitted to a broker's programme trading desk and are charged at a minimal commission rate; hence cost is usually the principal execution factor.

Algorithm trading is predominantly used for small volume orders, where market impact can be reasonably expected to be minimal. For these trades, commission charges are 3bps across all markets.

Bonds

Due to the large variance in liquidity across fixed income it is sometimes necessary in illiquid markets to place the highest priority on likelihood of execution. It is therefore important to have a selection of appropriate counterparties available in order for us to source liquidity.

Typically we request 3-4 counterparties to quote with the best price securing the order. For smaller and more moderate size tickets, orders are routed electronically for execution using the request for quote (RFQ) protocol. For larger, more sensitive orders, we ordinarily work with a single counterparty.

Exchange traded funds

We use ETFs to gain country exposure on occasions where it is not possible to invest into direct equities in our model portfolio allocation. ETFs are traded in a similar manner to equities.

FX Forwards

In response to Volcker requirements in the USA we added a non-US counterparty (HSBC) in 2017 to facilitate our trading in FX forwards. The majority of our trading is with State Street. We assess the effectiveness of our FFX trading by comparing executions with our internal theoretical assessment of forwards rates using live market data from Bloomberg. We use a tolerance of 20 basis points from our calculations when executing trades.

<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>We have no close links or conflicts of interest with any venue or counterparty that we use for order placement or execution.</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>We do not use soft dollar, commission sharing arrangements, rebates or receive any form of payment from any counterparty or execution venue. Any research utilised by our investment team is paid out of our own resources. From time to time we may undertake a trial of a research service provided by a trading counterparty. These trials are usually for short periods and last no longer than 3 months. We do not pay for the research during trial periods and therefore classify them as a non-monetary benefit. Following the end of a trial we may either enter into a full research agreement with the counterparty which we pay for, or terminate the agreement.</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>Our execution venues are reviewed every 6 months and we use qualitative factors, such as the quality of service, access to markets, standing with regulatory bodies, financial stability and reputation, in addition to key performance indicators to monitor for best execution.</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>We do not have any retail clients. Our execution arrangements do not treat different categories of clients differently.</p>
<p>An explanation of how the investment firm has used any data or tools relating to the quality of execution.</p>	<p>We have a transaction cost analysis system (TCA) which incorporates pre and post trade analytics and market information into the trading process. TCA is also used to measure broker performance. For equities, TCA provides us with actionable information to make better informed trading decisions. Given the nature of fixed income and FX forwards trading execution quality is evaluated at the point of execution.</p>
<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.</p>	<p>We do not use the output of a consolidated tape provider.</p>

Top 5 venues for execution / placement

Class of instrument					
Equities - Shares and Depository Receipts - Tick size liquidity band 5 and 6					
Notification if <1 average trade per business day in the previous year			N		
Top 5 execution venues ranked in terms of trading volumes (descending order)	Proportion of volume trade as a % of total in that class	Proportion of orders executed as a % of total in that class	% of passive orders	% of aggressive orders	% of directed orders
Société Générale SA (LEI: O2RNE8IBXP4R0TD8PU41)	28.29%	22.49%	n/a	n/a	0.00%
HSBC Bank plc (LEI: MP615ZYZBEU3UXPYFY54)	27.72%	16.69%	n/a	n/a	0.00%
Sanford C Bernstein Ltd (LEI: 54930049G8WQ500USD19)	13.71%	12.57%	n/a	n/a	0.00%
Morgan Stanley & Co International plc (LEI: 4PQUHN3JPFQFN3BB653)	8.97%	9.32%	n/a	n/a	0.00%
Kepler Cheuvreux (LEI: 9695005EOZG9X8IRJD84)	8.28%	7.29%	n/a	n/a	0.00%

Class of instrument					
Equities - Shares and Depository Receipts - Tick size liquidity band 3 and 4					
Notification if <1 average trade per business day in the previous year			N		
Top 5 execution venues ranked in terms of trading volumes (descending order)	Proportion of volume trade as a % of total in that class	Proportion of orders executed as a % of total in that class	% of passive orders	% of aggressive orders	% of directed orders
Kepler Cheuvreux (LEI: 9695005EOZG9X8IRJD84)	47.42%	43.64%	n/a	n/a	0.00%
HSBC Bank plc (LEI: MP615ZYZBEU3UXPYFY54)	21.19%	14.96%	n/a	n/a	0.00%
Morgan Stanley & Co International plc (LEI: 4PQUHN3JPFQFN3BB653)	15.86%	27.22%	n/a	n/a	0.00%
Société Générale SA (LEI: O2RNE8IBXP4R0TD8PU41)	9.67%	6.86%	n/a	n/a	0.00%
Sanford C Bernstein Ltd (LEI: 54930049G8WQ500USD19)	5.86%	7.31%	n/a	n/a	0.00%

Class of instrument					
Equities - Shares and Depository Receipts - Tick size liquidity band 1 and 2					
Notification if <1 average trade per business day in the previous year			N		
Top 5 execution venues ranked in terms of trading volumes (descending order)	Proportion of volume trade as a % of total in that class	Proportion of orders executed as a % of total in that class	% of passive orders	% of aggressive orders	% of directed orders
Macquarie Capital Europe Ltd (LEI: 549300GX4FPMFF91R37)	26.27%	15.52%	n/a	n/a	0.00%
Sanford C Bernstein Ltd (LEI: 54930049G8WQ500USD19)	19.51%	21.59%	n/a	n/a	0.00%
Credit Suisse Securities Europe Ltd (LEI: DL6FFRRL74S01HE2M14)	10.56%	12.88%	n/a	n/a	0.00%
CLSA UK (LEI: 213800VZMAGVIU21JA72)	10.06%	19.94%	n/a	n/a	0.00%
Citigroup Global Markets Ltd (LEI: XKZZ2JZF41MRHTR1V493)	9.83%	19.94%	n/a	n/a	0.00%

Top 5 venues for execution / placement

Class of instrument		Debt Instruments - Bonds			
Notification if <1 average trade per business day in the previous year		N			
Top 5 execution venues ranked in terms of trading volumes (descending order)	Proportion of volume trade as a % of total in that class	Proportion of orders executed as a % of total in that class	% of passive orders	% of aggressive orders	% of directed orders
The Toronto-Dominion Bank (LEI: PT3QB789TSUIDF371261)	64.15%	21.70%	100%	0%	0.00%
Australia & New Zealand Banking Group Ltd (LEI: JHE42UYNNWWTJB8YTTU19)	11.22%	4.40%	100%	0%	0.00%
RBC Europe Ltd (LEI: TXDSU46SXBWIGJ8G8E98)	10.53%	25.29%	100%	0%	0.00%
Lloyds Bank Corporate Market (LEI: 213800MBWEIJD5CU638)	7.48%	18.43%	100%	0%	0.00%
HSBC Bank Plc (LEI: MP6I5ZYZBEU3UXPFY54)	2.14%	18.76%	100%	0%	0.00%

Class of instrument		Currency Derivatives - Currency Forwards			
Notification if <1 average trade per business day in the previous year		Y			
Top 5 execution venues ranked in terms of trading volumes (descending order)	Proportion of volume trade as a % of total in that class	Proportion of orders executed as a % of total in that class	% of passive orders	% of aggressive orders	% of directed orders
State Street Bank and Trust Co (LEI: 571474TGEMMWANRLN572)	91.33%	88.19%	100%	0%	0.00%
HSBC Bank Plc (LEI: MP6I5ZYZBEU3UXPFY54)	8.67%	11.81%	100%	0%	0.00%

Class of instrument		Exchange traded products (Exchange Traded Funds)			
Notification if <1 average trade per business day in the previous year		Y			
Top 5 execution venues ranked in terms of trading volumes (descending order)	Proportion of volume trade as a % of total in that class	Proportion of orders executed as a % of total in that class	% of passive orders	% of aggressive orders	% of directed orders
Robert W. Baird & Co. Inc (LEI: 549300772UJAHRD6L053)	80.34%	62.50%	n/a	n/a	0.00%
Merrill Lynch, Pierce, Fenner & Smith Inc (LEI: 8NAV47T0Y26Q87Y0QP81)	12.58%	12.50%	n/a	n/a	0.00%
Sanford C Bernstein Ltd (LEI: 54930049G8WQ500USD19)	6.16%	18.75%	n/a	n/a	0.00%
Citigroup Global Markets Ltd (LEI: XKZZ2JZF41MRHTR1V493)	0.92%	6.25%	n/a	n/a	0.00%

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