

Annual Trade Execution Report

Thames River Capital LLP

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1 January 2019 – 31 December 2019

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1. Introduction / Overview

UK and European investment firms are required to publish, on an annual basis, information on the five trading venues where they executed the greatest volume of client orders during the previous year and the quality of execution obtained from these venues. If the investment firm doesn't execute client orders directly against a trading venue, then they are required to publish information on the top five firms with whom they placed orders to be executed.

The reports and analysis for Thames River Capital LLP for the period 1 January to 31 December 2019 is included in this report.

2. Thames River Capital LLP

Thames River Capital LLP (TRC) is part of BMO Global Asset Management (EMEA). TRC delegates dealing authority for FX and Unitised Dealing to BMO's centralised dealing desk, and has done for a number of years. These are shown in the execution reports below as orders placed with BMO Asset Management Limited. During November 2019 the trading of equities and other asset classes has also been delegated.

The following reporting therefore reflects the period from January to November 2019, where TRC dealt directly with external counterparties, and the period from November 2019 where trading is recorded as being executed with BMO.

3. Scope of this Report

Commission Delegated Regulation (EU) 2017/576 ("RTS 28") lays down rules on the content and the format of information to be published by investment firms on an annual basis in relation to client orders executed on trading venues, systematic internalisers, market makers or other liquidity providers or entities that perform a similar function to those performed by any of the foregoing in a third country.

Additionally, investment firms shall publish 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 information should include details such as

- Price, costs, speed, likelihood of execution or any other considerations made when selecting a venue for the order (Execution Factors)
- Whether there are any close links, conflict of interests and common ownerships with respect to any execution venue (Affiliations and conflicts of interest)
- Whether there are any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received (Specific financial arrangements with execution venues)
- An explanation of the factors that led to any change in the list of execution venues (Changes in venue usage)

- An explanation of how order execution differs according to client categorisation (Execution factors specific to customer types)
- Where applicable, an explanation of whether other criteria was given precedence over immediate price and cost when executing retail client orders and how these other criteria were instrumental in delivering the possible result in terms of the total consideration to the client (Situations where price and cost were not the primary execution factors)
- An explanation of how the investment firm has used any data or tools relating to the quality of execution (If and how the firm utilised reports published by trading venues under Commission Delegated Regulation (EU) 2017/575 (“RTS 27”))
- 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 (If and how the firm utilised a CTP when making execution decisions)

Responses to the above considerations are given as narrative with each financial instrument’s analysis, and in the section General Disclosures.

4. TRC’s Execution Strategy

As part of the investment management services we provide, we place orders for our clients for various financial instruments directly with other companies for execution, or with BMO centralised dealing function.

Those brokers are not restricted by us as to how they complete the trade. Brokers may therefore utilise:

- Regulated markets
- Multilateral Trading Facilities (MTFs); or global equivalents
- Organised Trading Facilities (OTFs); or global equivalents
- Systematic Internalisers (SIs)
- Liquidity pools
- Market makers or other liquidity providers and/or non-EEA entities performing similar functions

For 2019, it has not been possible to record trading venue for equity securities, due to restrictions caused by internal and external system limitations. This report covers all the financial instruments listed in RTS 28, if they have been traded by TRC. The full list of eligible financial instruments is included as an Appendix to this report.

Passive and Aggressive Reporting

RTS 28 reporting requires firms to classify executed orders as “passive”, “aggressive” or “directed”, where these are defined as the following:

- “passive” order means an order entered into the order book that provided liquidity
- “aggressive” order means an order entered into the order book that took liquidity
- “directed” order means an order where a specific execution venue was specified by the client prior to the execution of the order.

Only orders executed directly on exchange would be eligible for this “passive” or “aggressive” classification. Where orders have been placed with an execution broker and have therefore become part of their book of orders, TRC is not participating in the market directly, and the classification becomes irrelevant. As TRC places all orders with executing brokers, and does not utilise direct market access, there are no trades eligible for “passive” or “aggressive” identification.

TRC does not have any client relationships where the client directs TRC to use a specific venue. There are therefore no directed orders.

Legal Entities

TRC classifies each legal entity within a counterparty group as a separate entity. We do not aggregate at a group level, however there are very few circumstances in which TRC would be trading the same financial instrument class with multiple entities of the same firm, and we consider this to have no impact on this report.

5. General Disclosures

TRC does not have any conflicts of interest in trading with any external counterparties.

We do not have any arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received.

TRC utilises independent, third-party post-trade analysis for Best Execution and TCA analysis. This provides consolidated reporting across asset classes. A broker’s RTS 27 report will only show trades executed with that broker, which is less useful.

We have not used consolidated tape data in our execution arrangements.

6. Execution Reports

This section outlines TRC's trading activity during 2018 broken down by financial instrument and listing the top 5 counterparties, based on the principal amount traded. This reporting is aligned to BMO's Order Execution and Placement Policy and is set out in the following order:

- Equities and related securities
- Fixed Income and related securities
- Over the counter ("OTC") derivatives
- Foreign Exchange ("FX")

TRC's reporting is on the financial instrument types traded by TRC during 1 January 2019 – 31 December 2019.

A full list of the financial instruments that could be included in an RTS 28 report is included as an Appendix to this report.

6.1 Equities – shares and depositary receipts

6.1.1 Tick size liquidity band 1 & 2

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
Goldman Sachs International LEI : W22LROWP2IHZNBB6K528	25.6	31.6
Goldman Sachs & Co. LLC LEI : FOR8UP27PHTHYVLBNG30	24.6	24.2
Kepler Cheuvreux LEI : 9695005EOZG9X8IRJD84	14.5	0.9
BMO Asset Management Limited LEI: 213800QTJQCQIMJF3IA71	12.5	20.1
Stifel Nicolaus Europe Limited LEI : 213800BVEFNZ8UYPKL03	6.4	3.2
General Comments :	<p>The above table indicates the executing broker where TRC has dealt directly with that counterparty.</p> <p>During November 2019, dealing authority for equity trades was delegated to BMO, and is subsequently reflected as BMO Asset Management Limited rather than the broker executing in the market.</p>	
Execution Factors :	<p>TRC operate in a niche market within wider equities. When considering different venues the most important factors are price discovery and liquidity.</p> <p>Equities tick band 1 & 2 relates to securities which are traded the least frequently (between 0 and 79 trades per day). Where equities do not currently have a tick band classification, they are included on the Other Instruments table in section 6.3.</p> <p>Equities falling into this security classification represent 8.6% of total equity turnover for 2019, booked as either CFD or cash settlement.</p> <p>For TRC the majority of securities in this category are smaller North American REITs. North American order execution must take into consideration the local regulations.</p> <p>There is a feature of the US market that where a trade is agreed as a Contract for Difference (CFD) a company can only write such contracts internally, there is no opportunity to face a different counterparty for settlement. This means there is no give-up market for the US, and any equities that are to be settled CFD must be traded with the CFD writer.</p> <p>Another consideration for trading is our commitment to treating customers fairly, whereby TRC ensures that all orders in the same underlying security are booked with the same price across all portfolios, regardless of whether that exposure is CFD or cash settlement. Therefore, where a trade is being booked out as a mixture of CFD and cash settlement, all volume is executed by the same broker.</p> <p>Goldman Sachs are the CFD provider for the TRC portfolios with US market exposure, and are therefore the broker with the highest turnover in this category. Goldman Sachs provide a consistent service in terms of coverage and liquidity, excellent service levels and there is no price disadvantage in terms of commission.</p>	
Affiliations and Conflicts of Interest :	None	
Specific financial arrangements with execution venues :	None	

Changes in venue usage :	<p>TRC continually assess and monitor the counterparties with which we are active. This may involve entering into a new relationship as a result of market structure changes or a new venue becoming available that offers improved price quality and liquidity access.</p> <p>During 2019 we continued to see the concentration of turnover volume to a smaller number of counterparties, as a direct result of the impact of MIFID 2 in January 2018. However, the top 5 counterparties by volume were not impacted.</p>
Execution factors specific to customer types :	All customers are treated the same with regards to execution. Our customer base consists only of Professional Clients on this book.
Situations where price and cost were not the primary execution factors :	If a security is illiquid then likelihood of execution would become a primary factor alongside price and cost.
If and how the firm utilised data from RTS 27 reports :	TRC use a third-party Transaction Cost Analysis (TCA) supplier to provide quantitative data for Best Execution assessment. During quarterly meetings, trading costs and market impact costs are reviewed by the Dealing Oversight Committee. Publication of RTS27 reports have not provided any additional data that can be quantitatively analysed.
If and how the firm utilised a CTP when making execution decisions :	N/A

6.1.2 Tick size liquidity bands 3 and 4

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
Kempen & Co N.V. LEI : 2O302V7616D3HTVSXO60	14.8	14.2
ABG Sundal Collier ASA LEI : 2138006DRCU66B8BNY04	12.2	12.8
Merrill Lynch International LEI : GGDZP1UYGU9STUHRDP48	10.2	18.9
UBS AG LEI : BFM8T61CT2L1QCCEMIK50	9.2	6.3
Investec Bank PLC LEI : 84S0VF8TSMH0T6D4K848	7.7	2.9
General Comments :	<p>The above table indicates the executing broker where TRC has dealt directly with that counterparty.</p> <p>During November 2019, dealing authority for equity trades was delegated to BMO, and is subsequently reflected as BMO Asset Management Limited rather than the broker executing in the market.</p>	
Execution Factors :	<p>TRC operate in a niche market within wider equities. When considering different venues the most important factors are price discovery and liquidity. Equities tick band 3 & 4 relates to securities which are traded with medium frequency (between 80 and 1999 trades per day).</p> <p>This represents 24.7% of the total equity turnover volume traded during 2019 (including trades booked with cash and CFD settlement).</p>	
Affiliations and Conflicts of Interest :	None	
Specific financial arrangements with execution venues :	None	
Changes in venue usage :	<p>TRC continually assess and monitor the venues on which we are active. We will add venues where we feel it will add to the delivery of best execution. This may involve entering into a new relationship as a result of market structure changes or a new venue becoming available that offers improved price quality and liquidity access.</p> <p>During 2019 we saw a continuing concentration of turnover volume to a smaller number of counterparties, as a direct result of the impact of MIFID 2 in January 2018.</p>	
Execution factors specific to customer types :	All customers are treated the same with regards to execution. Our customer base consists only of Professional Clients on this book.	
Situations where price and cost were not the primary execution factors :	None	
If and how the firm utilised data from RTS 27 reports :	TRC use a third-party Transaction Cost Analysis (TCA) supplier to provide quantitative data for Best Execution assessment. During quarterly meetings, trading costs and market impact costs are reviewed by the Dealing Oversight Committee. Publication of RTS27 reports have not provided any additional data that can be quantitatively analysed.	
If and how the firm utilised a CTP when making execution decisions :	N/A	

6.1.3 Tick size liquidity bands 5 and 6

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
Merrill Lynch International LEI : GGDZP1UYGU9STUHRDP48	19.6	32.4
Kempen & Co N.V. LEI : 2O302V7616D3HTVSXO60	15.7	14.8
JP Morgan Securities PLC LEI : K6Q0W1PS1L1O4IQL9C32	14.5	6.3
ABG Sundal Collier ASA LEI : 2138005DRUCU66B8BNY04	13.8	7.7
UBS AG LEI : BFM8T61CT2L1QCEMIK50	9.3	4.9
General Comments :	<p>The above table indicates the executing broker where TRC has dealt directly with that counterparty.</p> <p>During November 2019, dealing authority for equity trades was delegated to BMO, and is subsequently reflected as BMO Asset Management Limited rather than the broker executing in the market.</p>	
Execution Factors :	<p>TRC operate in a niche market within wider equities. When considering different venues the most important factors are price discovery and liquidity. Equities tick band 5 & 6 relates to securities which are traded with high frequency (over 2000 trades per day).</p> <p>This represents 14.5% of total equity turnover volume traded during 2019.</p>	
Affiliations and Conflicts of Interest :	None	
Specific financial arrangements with execution venues :	None	
Changes in venue usage :	<p>TRC continually assess and monitor the venues on which we are active. We will add venues where we feel it will add to the delivery of best execution. This may involve entering into a new relationship as a result of market structure changes or a new venue becoming available that offers improved price quality and liquidity access.</p> <p>During 2019 we saw a continuing concentration of turnover volume to a smaller number of counterparties, as a direct result of the impact of MIFID 2 in January 2018.</p>	
Execution factors specific to customer types :	All customers are treated the same with regards to execution. Our customer base consists only of Professional Clients on this book.	
Situations where price and cost were not the primary execution factors :	None	
If and how the firm utilised data from RTS 27 reports :	TRC use a third-party Transaction Cost Analysis (TCA) supplier to provide quantitative data for Best Execution assessment. During quarterly meetings, trading costs and market impact costs are reviewed by the Dealing Oversight Committee. Publication of RTS27 reports have not provided any additional data that can be quantitatively analysed.	
If and how the firm utilised a CTP when making execution decisions :	N/A	

6.2 Currency derivatives

6.2.1 Swaps, forwards, and other currency derivatives

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
BMO Asset Management Limited LEI: 213800QTJCQIMJF3IA71	100.0	100.0
General Comments :	TRC delegates dealing of FX forwards to BMO's Treasury Dealing team. All turnover initiated by TRC is included in the RTS 28 report published for BMO.	
Execution Factors :	Please refer to BMO RTS 28	
Affiliations and Conflicts of Interest :	Please refer to BMO RTS 28	
Specific financial arrangements with execution venues :	Please refer to BMO RTS 28	
Changes in venue usage :	Please refer to BMO RTS 28	
Execution factors specific to customer types :	Please refer to BMO RTS 28	
Situations where price and cost were not the primary execution factors :	Please refer to BMO RTS 28	
If and how the firm utilised data from RTS 27 reports :	Please refer to BMO RTS 28	
If and how the firm utilised a CTP when making execution decisions :	Please refer to BMO RTS 28	

6.3 Contracts for Difference

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
Goldman Sachs International LEI: W22LROWP2IHZNBB6K528	20.9	17.7
Merrill Lynch International LEI: GGDZP1UYGU9STUHRDP48	19.8	25.7
ING Bank N.V. LEI : 3TK201VIUJ8J3ZU0QE75	15.9	2.5
Goldman Sachs & Co Llc LEI : FOR8UP27PHTHYVLBNG30	10.0	15.6
BMO Asset Management Limited LEI: 213800QTJQCQIMJF3IA71	10.0	11.3
General Comments :	<p>Where the table above indicates execution venues, these are the brokers where the trade instructions have been placed.</p> <p>During November 2019, dealing authority for equity trades was delegated to BMO, and is subsequently reflected as BMO Asset Management Limited rather than the broker executing in the market.</p>	
Execution Factors :	<p>TRC trades contracts for difference over equity product only, and therefore the above table reflects the actual volume of the underlying equities traded in the market, rather than the number of contracts traded. This is done in the interests of transparency.</p> <p>Factors affecting execution are therefore the same as for the Equities section earlier.</p> <p>CFDs are written by each fund or client's authorised CFD provider. During 2019 there was a one-to-one relationship between CFD provider and fund – no fund had multiple CFD providers, however two of the funds changed CFD provider in September 2019, which does impact the reporting above, as significant volume was closed with counterparty ING Bank N.V. and reopened with Goldman Sachs International.</p>	
Affiliations and Conflicts of Interest :	None	
Specific financial arrangements with execution venues :	None	
Changes in venue usage :	<p>CFDs are written by each fund/client's authorised CFD provider. These are determined by the legal agreements entered into on behalf of each fund.</p> <p>During 2019 there was a one-to-one relationship between CFD provider and fund – no fund had multiple CFD providers at the same time.</p> <p>There were no venues added or discontinued during 2019.</p>	
Execution factors specific to customer types :	<p>All customers are treated the same with regards to execution. Where the same underlying equity is being traded CFD and Cash Settlement on a particular day, additional post-trade analysis ensures that customers have been treated fairly.</p>	
Situations where price and cost were not the primary execution factors :	<p>For the US market, CFD trades must be executed with the CFD provider. Where the same underlying security is being traded CFD and cash settlement on the same day,</p>	

If and how the firm utilised a CTP when making execution decisions :

N/A

6.4 Other instruments

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
BMO Asset Management Limited LEI: 213800QTJCQIMJF3IA71	34.8	65.0
Goldman Sachs International LEI: W22LROWP2IHZNBB6K528	18.1	9.8
Merrill Lynch International LEI: GGDZP1UYGU9STUHRDP48	7.6	3.7
Numis Securities Limited LEI : 21800P3F4RT97WDSX47	6.9	3.0
Carnegie International Limited LEI : 529900BR5NZNQZEVQ417	5.2	2.5
General Comments :	Where the table above indicates execution venues, these are the brokers where the trade instructions have been placed.	
Execution Factors :	<p>Assets falling into the Other Instruments classification include equities without a tick band classification, and unitised product.</p> <p>TRC have one fund which interfunds into another product, and the majority of the dealing recorded in this table as BMO Asset Management is the dealing of this unitised product.</p> <p>Additionally, in November 2019 dealing for all equity product was migrated to BMO and this is also recorded against BMO Asset Management.</p>	
Affiliations and Conflicts of Interest :	None	
Specific financial arrangements with execution venues :	None	
Changes in venue usage :	None	
Execution factors specific to customer types :	All customers are treated the same with regards to execution	
Situations where price and cost were not the primary execution factors :	None	
If and how the firm utilised data from RTS 27 reports :	TRC use a third-party Transaction Cost Analysis (TCA) supplier to provide quantitative data for Best Execution assessment. During quarterly meetings, trading costs and market impact costs are reviewed by the Dealing Oversight Committee. Publication of RTS27 reports have not provided any additional data that can be quantitatively analysed.	
If and how the firm utilised a CTP when making execution decisions :	N/A	

Important Information:

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Appendix : RTS 28 list of financial instruments

		Trading venue data	Counterparty data
a.	Equities – Shares and depositary receipts		
	i. Tick size liquidity band 1 and 2 (from 0 to 79 trades per day)		
	ii. Tick size liquidity bands 3 and 4 (from 80 to 1,999 trades per day)		
	iii. Tick size liquidity bands 5 and 6 (from 2,000 trades per day)		
b.	Debt instruments		
	i. Bonds		
	ii. Money markets instruments		
c.	Interest rates derivatives		
	i. Futures and options admitted to trading on a trading venue		
	ii. Swaps, forwards, and other interest rates derivatives		
d.	Credit derivatives		
	i. Futures and options admitted to trading on a trading venue		
	ii. Other credit derivatives		
e.	Currency derivatives		
	i. Futures and options admitted to trading on a trading venue		
	ii. Swaps, forwards, and other currency derivatives		
f.	Structured finance instruments		
g.	Equity derivatives		
	i. Options and Futures admitted to trading on a trading venue		
	ii. Swaps and other equity derivatives		
h.	Securitised derivatives		
	i. Warrants and certificate derivatives		
	ii. Other securitised derivatives		
i.	Commodities derivatives		
	i. Options and Futures admitted to trading on a trading venue		
	ii. Other commodities derivatives		
j.	Contracts for difference		
k.	Exchange traded products (Exchange traded funds, exchange traded notes and exchange traded commodities)		
l.	Emission allowances		
m.	Other instruments		