



ORDER EXECUTION QUALITY REPORT 2019

Quilter Cheviot (QC) maintains an Order Execution Policy which is designed to ensure that we take sufficient steps to ensure that we achieve “Best Execution” for you. This report is presented in line with the European Union’s Markets in Financial Instruments Directive II (MiFID) and the rules, guidance, principles and codes in the Handbook of Rules and Guidance issued by the UK Financial Conduct Authority (FCA) or any regulatory body or bodies which may take over their role.

We are required to take all sufficient steps to achieve the best possible result when carrying out (executing or transmitting) orders for you. At all times, we will do our best to act fairly and reasonably when dealing on your behalf.

We execute (we have direct access to a venue) and transmit (we use a third party to access a venue) client orders in line with the Order Execution Policy and List of Execution Venues and Counterparties which are both published on our website (quiltercheviot.com).

Method of Execution Analysis

We use LiquidMetrix, an independent provider of best execution surveillance, to assist with the analysis of the quality of order execution. LiquidMetrix functionality includes post trade analysis of orders we have executed or transmitted to third parties.

To analyse our execution quality, LiquidMetrix compares all our orders against a benchmark. Different reports are generated to analyse orders for different financial instruments and markets against benchmarks we believe are appropriate. For example, where we execute a UK equity order the parameters for the benchmark will be different to transmitting an overseas equity order to a third party to execute.

Daily exception reports are generated for orders that have not achieved the benchmark, as determined by our Order Execution Policy. Where we execute equity trades, consideration is given to the price improvement available on alternative venues that we do not currently have access to.

The analysis of execution is undertaken by our Dealing and Compliance teams. The Dealing and Best Execution Governance Forum meets monthly to review and challenge the execution quality. Annually, the Dealing and Best Execution Governance Forum reviews and approves the Order Execution Policy, the executing venues and counterparties.

Execution Factors

When executing orders we take account of various execution factors including (these are explained further in the Order Execution Policy):

- Price
- Costs
- Speed of execution
- Likelihood of execution and settlement
- Size of order
- Nature of order
- Type and characteristics of the financial instrument
- The characteristics of the possible execution venue
- Any other consideration relevant to executing the order

Total consideration is the main factor for deciding the best result for liquid investments and is a combination of the price and cost:

- Price - being the price in the market
- Costs - are the additional charges for using a venue such as the third party brokerage charges, exchange fees, any settlements cost and FX charges.

On occasions the size of an order will be a factor in determining the speed of execution and choice of execution venue. A large order may have the potential to move the price in the market and as such these are typically dealt manually using different execution venues and market counterparties.

Professional clients can place reliance on us to obtain best execution. As we have determined that professional clients have placed a reliance on us, we have not executed or transmitted these orders differently to retail clients.



Changes in Venues and Counterparties

The execution venues are subject to ongoing assessment and review. The Dealing and Best Execution Governance Forum considers the quality of execution of the execution venues, the Client Money and Assets Forum assesses the financial strength and settlement risk of our counterparties.

During 2019 there was no material change in the list of the top execution venues or counterparties. Some counterparties were added and removed reflecting changes in regulations or corporate activity.

Summary of Execution Quality

Below is a summary analysis for orders we executed in 2019. The information is provided for each asset type we execute or transmit to a third party. The performance is assessed as a percentage of the trades that are equal to or better than the benchmark:

Executed Sterling Equities

- Percentage of trades that were equal to or better than the benchmark: 99.49%
- Percentage of trades that were worse than benchmark: 0.11%

Debt (Corporate Bonds and UK Gilts)

- Percentage of trades that were equal to or better than the benchmark: 96.00%
- Percentage of trades that were worse than benchmark: 3.99%

Exchange Traded Products

- Percentage of trades that were equal to or better than the benchmark: 99.90%
- Percentage of trades that were worse than benchmark: 0.07%

Transmitted Equities (Top 5 counterparties)

- Percentage of trades that were equal to or better than the benchmark: 85.53%
- Percentage of trades that were worse than benchmark: 3.02%

On occasion it is not possible to establish a benchmark. On a daily basis any non-benchmarked trades are assessed for order execution quality.

An order might not achieve the benchmark for one of the following reasons:

- A client instruction or non-standard settlement
- Accuracy of a benchmark for large orders
- The benchmark for corporate bonds includes Trax, we do not have access to this source of liquidity.
- Trade time discrepancies (overseas securities)

Open-ended Collective Investments Schemes

Where we invested or redeemed units in an open-ended collective investment scheme that is not ordinarily traded on an exchange, the order is executed with the scheme administrator directly or via a platform such as Cofunds or Calastone. See Appendix 3.

Relationships

Conflicts of interest generally arise when two or more parties have close links. We do not have any close links or common ownership with any market counterpart or execution venue that may affect the decisions on how an order is executed. During 2019 no conflicts of interest have been identified that would affect the quality of execution. We are a member or participant of the London Stock Exchange, NEX and Bloomberg MTF.

Payment and Monetary Benefits

We do not have any specific arrangements with counterparties to receive any payments or non-monetary benefits for directing orders to a specific counterparty. Where we are a member of a venue, for example the London Stock Exchange, clients will not be subject to additional venue charges. Where we are not members of a trading venue, for example foreign markets, any third party costs for access are applied to clients as an additional charge detailed on the contract notes.

Additional Information

- Executed or Transmitted Orders - We will ordinarily 'execute' orders when we have direct access to a venue, for example the London Stock Exchange or Bloomberg MTF. If we do not have access to a venue we will 'transmit' the order to a third party who can execute the order, for example the New York Stock Exchange.
- Passive and Aggressive orders - A passive order is characterised as an order that is entered into the order book that provides liquidity, for example, a limit order (an order to buy or sell a stock at a specific price) that is not immediately executable. An aggressive order is defined as an order that took liquidity, for example a retail service provider (RSP) trade.
- Directed Orders - There have been no client directed orders in 2019.
- Retail and Professional - Separate top 5 venue reports have been provided for retail and professional client orders.



Conclusion

During 2019 a negligible number of orders were identified and corrected in line with our firm's policy to ensure no client detriment.

The surveillance and analysis of 2019 execution is consistent with our expectations and the order execution policy. In conclusion, it is determined that overall best execution was achieved and there is no requirement to amend the policy.

Detailed top 5 venue reports for all asset types, client classifications and interactions are available on the 'Important Information' section of our website.

Top 5 Venue Report - Retail Clients

Appendix 1 - contains summary reports of the top 5 venues for the main asset types where we have executed an order and the top 5 counterparty reports where we have transmitted an order for retail clients.

Appendix 2 - when executing an order, in addition to providing details of the venues in Appendix 1, we have also listed below the top counterparties with whom we have traded for the main asset types.

Appendix 3 - Contains a summary report of the top 5 Open-ended Collective Investment Schemes where we have invested or redeemed units for retail and professional clients.

Volume - Proportion of volume traded as a percentage of total in that asset type.

Orders - Proportion of orders executed as a percentage of total in that asset type.

Equities (Shares & Depositary Receipts) are shown in three separate tables reflecting the average number of daily trades for each financial instrument on the principle EU venue. T5 and 6 includes more liquid equities with more than 2000 trades per day. T1 and 2 includes less liquid equities, from 0 to 79 trades per day.

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QUILTER CHEVIOT
INVESTMENT MANAGEMENT



APPENDIX 1 - EXECUTED TOP 5 VENUES

Top 5 execution venues ranked in terms of trading volumes (descending order)

Class of Instrument: Debt instruments, Bonds

Client type - Retail	% Vol	% Orders
LONDON STOCK EXCHANGE XLON	50.48	67.09
BLOOMBERG TRADING FACILITY LIMITED BMTF	30.55	4.88
BGC BROKERS LP - OTF BGCO	12.10	0.60
NEX EXCHANGE TRADING (NON-EQUITY) NEXN	6.85	27.38
DUBLIN STOCK EXCHANGE XDUB	0.01	0.04

Class of Instrument: Equities - Shares & Depositary Receipts (T12)

Client type - Retail	% Vol	% Orders
LONDON STOCK EXCHANGE XLON	86.44	83.45
LONDON STOCK EXCHANGE - AIM AIMX	13.08	15.72
NEX EXCHANGE TRADING (EQUITY) NEXT	0.15	0.37
THE INTERNATIONAL STOCK EXCHANGE XCIE	0.11	0.02
DUBLIN STOCK EXCHANGE XDUB	0.05	0.07

Class of Instrument: Equities - Shares & Depositary Receipts (T34)

Client type - Retail	% Vol	% Orders
LONDON STOCK EXCHANGE XLON	96.91	97.17
LONDON STOCK EXCHANGE - AIM AIMX	1.10	1.52
DUBLIN STOCK EXCHANGE XDUB	1.03	0.80
IRISH STOCK EXCHANGE - MAIN SECURITIES MARKET XMMS	0.89	0.34
NEX EXCHANGE TRADING (EQUITY) NEXT	0.06	0.18

Class of Instrument: Equities - Shares & Depositary Receipts (T56)

Client type - Retail	% Vol	% Orders
LONDON STOCK EXCHANGE XLON	99.30	99.75
LONDON STOCK EXCHANGE - AIM AIMX	0.40	0.15
IRISH STOCK EXCHANGE - MAIN SECURITIES MARKET XMMS	0.16	0.04
DUBLIN STOCK EXCHANGE XDUB	0.12	0.05
BLOOMBERG TRADING FACILITY LIMITED BMTF	0.01	0.00

Class of Instrument: Exchange traded products

Client type - Retail	% Vol	% Orders
LONDON STOCK EXCHANGE XLON	67.92	89.85
BLOOMBERG TRADING FACILITY LIMITED BMTF	27.60	0.90
NEX EXCHANGE TRADING (NON-EQUITY) NEXN	2.46	4.84
NEX EXCHANGE TRADING (EQUITY) NEXT	1.71	3.07
RBC EUROPE LIMITED RBCE	0.28	1.31





APPENDIX 1 - TRANSMITTED TOP 5 COUNTERPARTIES

Top 5 execution venues ranked in terms of trading volumes (descending order)

Class of Instrument: Debt instruments, Bonds (DE1)

Client type - Retail	% Vol	% Orders
KING & SHAXSON LIMITED	59.68	33.79
PERSHING SECURITIES LIMITED	9.25	0.69
BRIDPORT & CIE SA	8.63	8.28
MUFG SECURITIES EMEA PLC	6.70	5.51
RIA CAPITAL MARKETS LIMITED	4.57	2.06

Class of Instrument: Equities - Shares & Depository Receipts (T12)

Client type - Retail	% Vol	% Orders
KCG EUROPE LIMITED	44.50	78.19
DBS VICKERS SECURITIES (UK) LIMITED	26.22	9.92
LIBERUM CAPITAL LIMITED	13.87	0.12
MIRABAUD SECURITIES LIMITED	5.70	1.46
WINTERFLOOD SECURITIES LIMITED	3.37	4.89

Class of Instrument: Equities - Shares & Depository Receipts (T34)

Client type - Retail	% Vol	% Orders
KCG EUROPE LIMITED	43.97	83.55
CANTOR FITZGERALD EUROPE	19.59	4.10
OPPENHEIMER EUROPE LTD	13.30	2.08
MIRABAUD SECURITIES LIMITED	8.25	2.02
SANFORD C. BERNSTEIN LIMITED	7.59	4.22

Class of Instrument: Equities - Shares & Depository Receipts (T56)

Client type - Retail	% Vol	% Orders
KCG EUROPE LIMITED	66.53	89.24
CANTOR FITZGERALD EUROPE	11.33	2.38
MIRABAUD SECURITIES LIMITED	7.73	1.00
WINTERFLOOD SECURITIES LIMITED	4.81	2.90
OPPENHEIMER EUROPE LTD	4.71	1.24

Class of Instrument: Exchange traded products

Client type - Retail	% Vol	% Orders
CANTOR FITZGERALD EUROPE	39.07	7.09
KCG EUROPE LIMITED	38.22	79.59
OPPENHEIMER EUROPE LTD	7.96	3.54
SANFORD C. BERNSTEIN LIMITED	6.80	4.80
MIRABAUD SECURITIES LIMITED	3.45	0.79





APPENDIX 2 - EXECUTED TOP 5 COUNTERPARTIES

Top 5 execution venues ranked in terms of trading volumes (descending order)

Class of Instrument: Debt instruments, Bonds (DE1)

Client type - Retail	% Vol	% Orders
WINTERFLOOD SECURITIES LIMITED	33.45	73.82
CANTOR FITZGERALD EUROPE	12.00	0.60
KING & SHAXSON LIMITED	11.61	1.40
PEEL HUNT LLP	9.20	14.84
FLOW TRADERS B.V.	6.40	4.30

Class of Instrument: Equities - Shares & Depository Receipts (T12)

Client type - Retail	% Vol	% Orders
WINTERFLOOD SECURITIES LIMITED	17.50	22.72
JEFFERIES INTERNATIONAL LIMITED	12.67	12.18
NUMIS SECURITIES LIMITED	12.62	9.81
PEEL HUNT LLP	12.52	20.79
INVESTEC BANK PLC	8.06	6.20

Class of Instrument: Equities - Shares & Depository Receipts (T34)

Client type - Retail	% Vol	% Orders
WINTERFLOOD SECURITIES LIMITED	21.92	34.25
PEEL HUNT LLP	16.53	28.65
NUMIS SECURITIES LIMITED	13.04	7.99
INVESTEC BANK PLC	7.98	2.44
J.P. MORGAN SECURITIES	6.14	0.82

Class of Instrument: Equities - Shares & Depository Receipts (T56)

Client type - Retail	% Vol	% Orders
WINTERFLOOD SECURITIES LIMITED	39.35	58.76
PEEL HUNT LLP	20.82	17.40
INVESTEC BANK PLC	11.15	1.40
STIFEL NICOLAUS EUROPE LIMITED	6.68	6.26
JEFFERIES INTERNATIONAL LIMITED	4.23	3.31

Class of Instrument: Exchange traded products

Client type - Retail	% Vol	% Orders
RBC EUROPE LIMITED	34.26	44.41
WINTERFLOOD SECURITIES LIMITED	18.94	26.46
FLOW TRADERS	15.96	4.53
PEEL HUNT LLP	7.79	9.60
STIFEL NICOLAUS EUROPE LIMITED	7.31	12.63





APPENDIX 3 - TOP 5 OPEN ENDED COLLECTIVE INVESTMENT SCHEMES

Top 5 investment firms ranked in terms of trading volumes (descending order)

Client type - Professional	% Vol	% Orders
J O HAMBRO CAPITAL MANAGEMENT LTD	7.35	5.38
MERIAN GLOBAL INVESTORS (EUROPE) LTD	6.25	1.61
BMO FUND MANAGEMENT LTD	6.05	1.08
LAZARD FUND MANAGERS LTD	5.44	3.23
EQUITY TRUSTEES FUND SERVICES LTD	4.87	3.23

Client type - Retail	% Vol	% Orders
HENDERSON INVESTMENT FUNDS LIMITED	4.70	3.57
BLACKROCK FUND MANAGERS LTD	4.17	4.48
J O HAMBRO CAPITAL MANAGEMENT LTD	3.84	2.89
LINK FUND SOLUTIONS LTD	3.41	3.34
IRIDIAN UCITS FUND PLC	3.20	0.94

