



Execution Quality Report

Period from	01 January 2017
Period to	31 December 2017
Division	The Solutions division of P-Solve Investments Limited
Legal Entity Identifier	549300WD664MDCU7L584

1 Introduction

This report covers the activities of the Solutions division (**Solutions division**) of P-Solve Investments Limited which is a subsidiary of River and Mercantile Group Plc. This report has been prepared for the purposes of Regulatory Technical Standard 28 (**RTS 28**) supplementing Directive 2014/65/EU (**MiFID II**) and covers the period between 1 January 2017 and 31 December 2017, inclusive (the **Relevant Period**).

This report sets out information on: (i) the identity of the top five execution venues and the counterparties of the Solutions division for the Relevant Period, (ii) the quality of execution achieved for clients and (iii) certain other matters which the Solutions division is required to report on pursuant to RTS 28.

The Solutions division only deals with professional clients, so no information regarding retail activities or retail venues is provided. The Solutions division does not execute client orders directly and only executes transactions as agents for its clients.

2 Top 5 Execution Venues

The top 5 execution venues for each of the instrument classes that the Solutions division executes trades in is set out below.

Table 1

Class of Instrument	Exchange Traded Funds				
	N				
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
Bloomberg Multilateral Trading Facility (BMTF)	77%	69%	0%	100%	0%
Off Venue	15%	1%	0%	100%	0%
Tradeweb Europe Limited (TREA)	9%	30%	0%	100%	0%



Table 2

Class of Instrument	Debt Instruments - Sovereign Bonds				
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
Tradeweb Europe Limited (TREA)	36%	40%	0%	100%	0%
Off Venue	64%	60%	0%	100%	0%

Table 3

Class of Instrument	Currency Forwards				
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
Off Venue	100%	100%	0%	100%	0%

Table 4

Class of Instrument	Other - Collective Investment Schemes				
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
Off Venue	100%	100%	0%	100%	0%



3 Execution Quality

As per RTS 28 the Solutions division is required to publish for each class of financial instruments information on the top five execution venues and a summary of the analysis and conclusions which it has drawn from its detailed monitoring of the quality of the execution obtained during the Relevant Period.

The Solutions division is required to ensure for the Relevant Period that the best possible result is obtained on a consistent basis when executing client orders and transmitting orders to third parties for execution. What constitutes the best possible result however varies depending on the specific execution factors relevant for each trade, and this did not always equate to obtaining the best price or the lowest cost. The Solutions division is therefore required to consider and assess the relative importance of the relevant 'execution factors' in respect of each class of financial instrument in which it trades.

3.1 Execution Quality for Exchange Traded Funds

RTS Ref.	
3 (a)	<p>When trading Exchange Traded Funds (ETFs), the highest priority was placed on the likelihood of execution. The primary reason being we are mostly matching the sale of assets with the purchase of other assets and prioritising the likelihood of execution allows us to mitigate market risk.</p> <p>Assessment of execution factors pre trade allowed us to establish whether executing ETF trades on a Multilateral Trading Facility (MTF) with quotes from multiple counterparties (our preferred execution method) would impact the likelihood of execution.</p> <p>The majority of the ETFs we hold, or have held in the portfolio, have sufficient liquidity when using our preferred execution method so that there is a low risk of impacting the likelihood of execution. The second primary factor following the likelihood of execution is the cost of execution.</p> <p>For the Relevant Period 86% of ETF trades were executed through the MTFs (Tradeweb and Bloomberg RFQ), where multiple quotes allowed us to keep execution spread costs to a minimum.</p> <p>The remaining trades were executed Off Venue due to different reasons, such as the need to match pricing points, or when trading more illiquid instruments where likelihood of execution was our priority.</p>
3 (b)	<p>The Solutions division had no close links with, or common ownership of or by, any execution venue or counterparty in the Relevant Period. There were no conflicts of interest with venue or counterparties which impacted on the Solutions division's ability to deliver best execution to its clients.</p>



3 (c)	There were no specific arrangements with any execution venues regarding payments made or received, discounts or rebates received. As was standard practice in the market during the period covered by this report, the Solutions division received research from several execution venues. Some of this research would be classed as a non-monetary benefit under MIFID II rules.
3 (d)	<p>With the significant change in the regulatory landscape brought about by the implementation of MiFID II, the Solutions division accelerated the implementation of FX Connect and increased the range of products executed via Tradeweb during the Relevant Period.</p> <p>These platforms provided us with increased access to market liquidity as well as providing significant operational efficiencies, both in settlement and reconciliation, as well as supporting the impending increase of regulatory obligations during the Relevant Period.</p>
3 (e) & (f)	The Solutions division only executed trades on behalf of professional clients meaning execution factors remained the same for all trades executed.
3 (g)	The Solutions division uses quantitative and qualitative data generated from prospective and executed transactions and ongoing activities with counterparties to monitor the quality of its execution. The Solutions division did not use data published under Commission Delegated Regulation (EU) 08/06/2016 / C (2016) 3333/4 (RTS 27) as this information was not available for the Relevant Period.
3 (h)	There were no consolidated tape providers (CTPs) for the Relevant Period.

3.2 Execution Quality for Debt Instruments – Sovereign Bonds

RTS Ref.	
3 (a)	Solutions executed transactions in highly liquid government debt instruments directly Off Venue and on Tradeweb MTF. A large number of counterparties are active and make markets in such instruments Off Venue and on Tradeweb MTF. The price of the transaction was given the highest importance. Since the instruments in question are highly liquid, in most cases other execution factors such as speed, likelihood of execution were not relevant. In a handful of cases, particularly for transactions that were large in size, the likelihood of execution was given priority over price, to ensure the full trade could be implemented. This method of trading also meant that there were no explicit transaction costs. In addition, the execution of sovereign bonds was migrated from Off Venue to Tradeweb in order to facilitate a higher number of quotes per trade and further increase the likelihood of reducing costs.
3 (b)	The Solutions division had no close links with, or common ownership of or by, any execution venue or counterparty in the Relevant Period. There were no conflicts of



	interest with venue or counterparties which impacted on the Solutions division’s ability to deliver best execution to its clients.
3 (c)	There were no specific arrangements with any execution venues regarding payments made or received, discounts or rebates received. As was standard practice in the market during the Relevant Period, the Solutions division received research from several execution venues. Some of this research would be classed as a non-monetary benefit under MIFID II rules.
3 (d)	With the significant change in the regulatory landscape to be brought about by the implementation of MiFID II, we accelerated the implementation of FX Connect and increased the range of products executed via Tradeweb during the Relevant Period. These platforms provided us with increased access to market liquidity as well as providing significant operational efficiencies, both in settlement and reconciliation, as well as supporting the impending increase of regulatory obligations during the Relevant Period.
3 (e) & (f)	The Solutions division only executed trades on behalf of professional clients meaning execution factors remained the same for all trades executed.
3 (g)	The Solutions division uses quantitative and qualitative data generated from prospective and executed transactions and ongoing activities with counterparties to monitor the quality of its execution. The Solutions division did not use data published under Commission Delegated Regulation (EU) 08/06/2016 / C (2016) 3333/4 (RTS 27) as this information was not available for the Relevant Period.
3 (h)	There were no consolidated tape providers (CTPs) for the Relevant Period.

3.3 Execution Quality for Currency Forwards

RTS Ref.	
3 (a)	When we executed currency forwards on behalf of our clients, we assessed the creditworthiness of the available counterparties and ensured they were in line with the parameters set out in clients’ Investment Management Agreements. Following this, we were focused on cost and likelihood of execution. A full counterparty selection process was completed on a quarterly basis which proved effective in balancing the ongoing cost of execution against the cost of switching counterparties. The choice of counterparties will always be limited depending on the available ISDAs between clients and counterparties.
3 (b)	The Solutions division had no close links with, or common ownership of or by, any execution venue or counterparty in the Relevant Period. There were no conflicts of



	interest with venue or counterparties which impacted on the Solutions division's ability to deliver best execution to its clients.
3 (c)	There were no specific arrangements with any execution venues regarding payments made or received, discounts or rebates received. As was standard practice in the market during the period covered by this report, the Solutions division received research from several execution venues. Some of this research would be classed as a non-monetary benefit under MIFID II rules.
3 (d)	With the significant change in the regulatory landscape brought about by the implementation of MiFID II, we accelerated the implementation of FX Connect and increased the range of products executed via Tradeweb during the Relevant Period. These platforms provided us with increased access to market liquidity as well as providing significant operational efficiencies, both in settlement and reconciliation, as well as supporting the impending increase of regulatory obligations during the Relevant Period.
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3 (h)	There were no consolidated tape providers (CTPs) for the Relevant Period.

3.4 Execution Quality for Collective Investment Schemes

RTS Ref.	
3 (a)	Due to the nature of this asset class there are limited ways to assess execution factors. On the rare occasion where there are similar collective investment schemes which are interchangeable, an assessment of the operational efficiencies was undertaken to establish which had the higher likelihood of settlement, as this facilitated any liquidity requirements. In this scenario, we would also assess the potential cost of execution that may be incurred through a form of dilution adjustment (however in these cases, we do not have any control over if and how much we may be charged).
3 (b)	The Solutions division had no close links with, or common ownership of or by, any execution venue or counterparty in the Relevant Period. There were no conflicts of



	interest with venue or counterparties which impacted on the Solutions division's ability to deliver best execution to its clients.
3 (c)	There were no specific arrangements with any execution venues regarding payments made or received, discounts or rebates received. As was standard practice in the market during the period covered by this report, the Solutions division received research from several execution venues. Some of this research would be classed as a non-monetary benefit under MIFID II rules.
3 (d)	<p>With the significant change in the regulatory landscape brought about by the implementation of MiFID II, we accelerated the implementation of FX Connect and increased the range of products executed via Tradeweb during the Relevant Period.</p> <p>These platforms provided us with increased access to market liquidity as well as providing significant operational efficiencies, both in settlement and reconciliation, as well as supporting the impending increase of regulatory obligations during the Relevant Period.</p>
3 (e) & (f)	The Solutions division only executed trades on behalf of professional clients meaning execution factors remained the same for all trades executed.
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3 (h)	There were no consolidated tape providers (CTPs) for the Relevant Period.

The conclusions we have drawn from our monitoring confirm that we have provided the best possible results to our clients.