

## MiFID II: RTS 28 Disclosure - The Execution Quality Report

|                                     |                                           |
|-------------------------------------|-------------------------------------------|
| Period from                         | 01 January 2017                           |
| Period to                           | 31 December 2017                          |
| River and Mercantile Group Division | River and Mercantile Asset Management LLP |
| Legal Entity Identifier             | 213800HIGHFCAY9K8Z97                      |

### 1. Introduction

This report covers the activities of River and Mercantile Asset Management LLP (**RAMAM**) 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 counterparties of RAMAM for the Relevant Period, (ii) the quality of execution achieved for clients and (iii) certain other matters which RAMAM is required to report on pursuant to RTS 28.

RAMAM trades as a Professional Client and in an Institutional capacity on behalf of its clients (and does not deal as principal), so no information relating to retail activities or retail venues is provided. RAMAM primarily transmits orders to counterparties, but in some cases will also directly execute orders.

RAMAM will only execute orders directly in relation to FX for non-restricted currencies. All other Asset classes are transmitted to brokers for execution. Further information on RAMAM's execution process can be found in our Best Execution Policy [here](#).

### 2. Top 5 Execution venue and Counterparties

The top 5 execution venues and counterparties used by RAMAM for different classes of instrument are set out below. RAMAM trades as a Professional Client trading in an Institutional capacity.

The relevant execution information for shares & depositary receipts has been split into tables 1 and 2, as set out below. Table 1 has taken into consideration the shares & depositary receipts that are within ESMA's 'Equity ticksize - MiFID Transitional Transparency Calculations'<sup>1</sup> (the **List**).

ESMA's List includes dual listed shares which have been brought into scope by reason of an EU listing regardless of liquidity. RAMAM believes that the inclusion of such shares could provide a misleading result in the context of ESMA's prescribed liquidity bands for equities and has therefore taken the decision to exclude ESMA's liquidity bands from its reporting for the Relevant Period.

Table 2 considers shares and depositary receipts that are not within ESMA's list (namely non-EU shares & depositary receipts).

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<sup>1</sup> <https://www.esma.europa.eu/files/equityticksizexlsx>

**Table 1** Shares & Depository Receipts

| Class of instrument                                       |                      |                                                                    |                                                                    | Shares & Depository Receipts<br>(Shares & Depository Receipts within ESMA's 'Equity ticksize - MiFID Transitional Transparency Calculations') |                                 |                               |
|-----------------------------------------------------------|----------------------|--------------------------------------------------------------------|--------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|-------------------------------|
| Notification if < 1 average trade per business day        |                      |                                                                    |                                                                    | No                                                                                                                                            |                                 |                               |
| Top 5 execution venues ranked in terms of trading volumes |                      | 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 |
| Liquidnet Europe Limited                                  | 213800ZIRB79BE5XQM68 | 11.17%                                                             | 9.14%                                                              | 0%                                                                                                                                            | 0%                              | 0%                            |
| Citigroup Global Markets Limited                          | XKZZ2JZF41MRHTR1V493 | 8.21%                                                              | 9.78%                                                              | 0%                                                                                                                                            | 0%                              | 0%                            |
| Jefferies International Limited                           | S5THZMDUJCTQZBTRVI98 | 7.03%                                                              | 5.15%                                                              | 0%                                                                                                                                            | 0%                              | 0%                            |
| J.P. Morgan Securities PLC                                | K6QoW1PS1L1O4lQL9C32 | 5.16%                                                              | 3.98%                                                              | 0%                                                                                                                                            | 0%                              | 0%                            |
| UBS Limited                                               | REYPIEJN7XZHSUIoN355 | 5.14%                                                              | 7.73%                                                              | 0%                                                                                                                                            | 0%                              | 0%                            |

**Table 2** Other Instruments

| Class of instrument                                       |                      |                                                                    |                                                                    | Other Instrument (Shares & Depository Receipts not within ESMA's 'Equity ticksize - MiFID Transitional Transparency Calculations') |                                 |                               |
|-----------------------------------------------------------|----------------------|--------------------------------------------------------------------|--------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|-------------------------------|
| Notification if < 1 average trade per business day        |                      |                                                                    |                                                                    | No                                                                                                                                 |                                 |                               |
| Top 5 execution venues ranked in terms of trading volumes |                      | 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 |
| UBS Limited                                               | REYPIEJN7XZHSUIoN355 | 10.33%                                                             | 8.73%                                                              | 0%                                                                                                                                 | 0%                              | 0%                            |
| CLSA (UK)                                                 | 213800VZMAGVIU2IJA72 | 9.85%                                                              | 7.91%                                                              | 0%                                                                                                                                 | 0%                              | 0%                            |
| Jefferies International Limited                           | S5THZMDUJCTQZBTRVI98 | 9.16%                                                              | 9.35%                                                              | 0%                                                                                                                                 | 0%                              | 0%                            |
| Deutsche Bank Aktiengesellschaft                          | 7LTWFZYICNSX8D621K86 | 7.29%                                                              | 9.35%                                                              | 0%                                                                                                                                 | 0%                              | 0%                            |
| Citigroup Global Markets Limited                          | XKZZ2JZF41MRHTR1V493 | 7.05%                                                              | 10.99%                                                             | 0%                                                                                                                                 | 0%                              | 0%                            |

**Table 3** Exchange Traded Products

| Class of instrument                                       |                      |                                                                    |                                                                    | Exchange Traded Products<br>(Exchange traded funds,<br>exchange traded notes and<br>exchange traded<br>commodities.) |                                 |                               |
|-----------------------------------------------------------|----------------------|--------------------------------------------------------------------|--------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|---------------------------------|-------------------------------|
| Notification if < 1 average trade per business day        |                      |                                                                    |                                                                    | Yes                                                                                                                  |                                 |                               |
| Top 5 execution venues ranked in terms of trading volumes |                      | 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 |
| Barclays Capital Securities Limited                       | K9WDOH4D2PYBSLSOB484 | 48.96%                                                             | 25.00%                                                             | 0%                                                                                                                   | 0%                              | 0%                            |
| HSBC Bank PLC                                             | MP6I5ZYZBEU3UXPYFY54 | 48.89%                                                             | 25.00%                                                             | 0%                                                                                                                   | 0%                              | 0%                            |
| Citigroup Global Markets Limited                          | XKZZ2JZF41MRHTR1V493 | 2.15%                                                              | 50.00%                                                             | 0%                                                                                                                   | 0%                              | 0%                            |

**Table 4** Foreign Exchange

| Class of instrument                                       |      |                                                                    |                                                                    | Foreign Exchange             |                                 |                               |
|-----------------------------------------------------------|------|--------------------------------------------------------------------|--------------------------------------------------------------------|------------------------------|---------------------------------|-------------------------------|
| Notification if < 1 average trade per business day        |      |                                                                    |                                                                    | No                           |                                 |                               |
| Top 5 execution venues ranked in terms of trading volumes |      | 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 |
| FXall                                                     | TREU | 100%                                                               | 100%                                                               | 0%                           | 100%                            | 0%                            |

### 3. Execution Quality Analysis and Conclusion for Shares & Depository Receipts and other equity like instruments

This section of the report covers the following instrument classes:

- Shares & Depository Receipts
- Shares & Depository Receipts not within ESMA's 'Equity ticksize - MiFID Transitional Transparency Calculations'
- Exchange Traded Securities

| RTS 28,<br>Article 3(3)<br>Reference |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|--------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>3 (a)</b>                         | <p>RAMAM 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.</p> <p>Although price and the likelihood of execution or settlement were given the most importance when executing transactions, other factors were also considered for example; liquidity and size, costs; speed, the nature of the order and any other relevant considerations such as clients' specific instructions or the need to meet regulatory requirements such as trade publication and reporting.</p>                                                                                                                                                                                                                                                                                                                                      |
| <b>3 (b), (c) &amp; (d)</b>          | <p>RAMAM 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 RAMAM's ability to deliver best execution to its clients.</p> <p>For the Relevant Period, RAMAM was engaged in commission sharing agreements (CSA) with a number of counterparties. Under these agreements, RAMAM would continue to pay counterparties a bundled execution rate, allocating a predetermined amount back to research providers. RAMAM has adopted processes that demonstrate careful consideration and control around execution and research costs. RAMAM has undertaken to pay for research costs post MiFID II and no longer uses CSAs.</p> <p>Venue universe is broadly agreed between RAMAM and its selected counterparties. The venues that are selected by RAMAM will be regularly monitored via a transaction cost analysis tool for impact and reversion costs. They are purely chosen on performance for the objective of achieving best execution.</p> |
| <b>3 (e) &amp; (f)</b>               | <p>RAMAM deals as a professional client trading in an Institutional capacity. Order execution does not differ across different client categories.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |

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|---------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>3 (g)</b></p> | <p>RAMAM’s transaction cost analysis allows it to record implementation shortfall, i.e. the price difference between when the trade was released and the price achieved for the client. Other benchmarks were also looked at to achieve a more complete picture. This allows RAMAM to rate counterparties’ performance and is undertaken by Compliance and Trading Desk monthly.</p> <p>From 2018 onwards we will also be able to rate venues.</p> <p>RAMAM 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 covered by this report.</p> |
| <p><b>3 (h)</b></p> | <p>At the time of writing there are no consolidated tape providers (CTPs) that covered the Relevant Period of this report.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |

#### 4. Foreign Exchange

| <p>RTS 28, Article<br/>3(3) Reference</p> |                                                                                                                                                                                                                                                                                                                                                                                                       |
|-------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>3 (a)</b></p>                       | <p>RAMAM executed transactions in highly liquid FX instruments directly on FXall MTF. A large number of counterparties are active and make markets in such instruments on FXall MTF. Since the instruments in question are highly liquid, the prices of transactions were given the highest importance over other execution factors such as speed, likelihood of execution. .</p>                     |
| <p><b>3 (b), (c) &amp; (d)</b></p>        | <p>There are no close links, common ownerships, conflicts of interest or specific arrangements with FXall MTF and RAMAM. RAMAM selects the counterparties used on FXall on the basis of their credit rating and their execution services.</p>                                                                                                                                                         |
| <p><b>3 (e) &amp; (f)</b></p>             | <p>RAMAM deals as a Professional Client trading in an Institutional capacity. Order execution does not differ across different client categories.</p>                                                                                                                                                                                                                                                 |
| <p><b>3 (g)</b></p>                       | <p>FX transactions are monitored on a monthly basis via reports provided by FX all MTF. The report allows us to monitor the best price selection within our counterparty universe.</p> <p>RAMAM 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 covered by this report.</p> |
| <p><b>3 (h)</b></p>                       | <p>At the time of writing there are no consolidated tape providers (CTPs) that covered the Relevant Period of this report.</p>                                                                                                                                                                                                                                                                        |