

Execution Quality Report

Period from	1 January 2019
Period to	31 December 2019
Division	River and Mercantile Solutions, a division of River and Mercantile Investments Limited
Legal Entity Identifier	549300WD664MDCU7L584

1 Introduction

This report covers the activities of River and Mercantile Solutions (Solutions) which is a division of River and Mercantile Investments Limited (**RAMIL**) 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 2019 and 31 December 2019, 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. In most instances, the Solutions division executes transactions as agent for its clients, and sometimes may also execute client orders directly if instructed to do so by specific clients.

Top 5 Execution Venues

The top 5 execution venues for each of the instrument classes traded by RMS in the relevant period are set out below. The Solutions division only deals with professional clients, so all following tables relate to professional clients only.

Table 1 – Execution Venues: Exchange Traded Funds

Class of Instrument				Exchange Traded Funds		
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	TREU	75%	94%	0%	100%	0%
SI		25%	5%	0%	100%	0%
Off Venue		< 1%	1%	0%	100%	0%

*rounded to the nearest %

Table 2 – Counterparties: Exchange Traded Funds

Class of Instrument		Exchange Traded Funds				
Notification if < 1 average trade per business day in the previous year		N				
Top five counterparties 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
Susquehanna Europe	635400JZVFMZ3TGYTK76	26%	15%	0%	100%	0%
Jane Street Financial Ltd - London	549300ZHEHX8M31RP142	18%	24%	0%	100%	0%
Goldman Sachs - London	W22LROWP2IHZNBB6K528	15%	13%	0%	100%	0%
Citadel Securities LLC	549300MLQ1S3715IUK04	14%	13%	0%	100%	0%
Flow Traders	549300CLJl9XDH12XV51	9%	12%	0%	100%	0%

Table 3 – Execution Venues: Debt Instruments - Sovereign Bonds

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	TREU	100%	100%	0%	100%	0%

Table 4 – Counterparties: Debt Instruments - Sovereign Bonds

Class of Instrument		Debt Instruments - Sovereign Bonds				
Notification if < 1 average trade per business day in the previous year		N				
Top five counterparties 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
Deutsche Bank	7LTWFZYICNSX8D621K86	30%	29%	0%	100%	0%
RBS	RR3QWICWWIPCS8A4S074	23%	22%	0%	100%	0%
Lloyds	213800MBWEIJDM5CU638	18%	14%	0%	100%	0%
J.P. Morgan	K6Q0w1PS1L1O4lQL9C32	9%	13%	0%	100%	0%
Citi	XKZZ2JZF41MRHTR1V493	7%	9%	0%	100%	0%

Table 5 – Execution Venues: Currency Forwards

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
FX Connect	MFXR	100%	100%	0%	100%	0%

Table 6 – Counterparties: Currency Forwards

Additional table - counterparties

Class of Instrument				Currency Forwards		
Notification if < 1 average trade per business day in the previous year				N		
Top five counterparties 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
RBS	RR3QWICWWIPCS8A4S074	43%	20%	0%	100%	0%
Barclays Bank Plc	G5GSEF7VJP517OUK5573	33%	26%	0%	100%	0%
Lloyds	213800MBWEIJDM5CU638	24%	54%	0%	100%	0%
Credit Suisse London	E58DKGMJYYYYJLN8C3868	0%	0%	0%	100%	0%

Table 7 – Execution Venues: Collective Investment Schemes

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%

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 we have drawn from our 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.

1.1 Execution Quality for Exchange Traded Funds

RTS Ref.	
3 (a)	<p>When trading ETFs, the factor we placed the highest priority on was likelihood of execution. The primary reason being is that we are mostly matching the sale of assets with the purchase of other assets and prioritising the likelihood of execution allows us to mitigate out of market risk.</p> <p>Assessment of execution factors pre trade allowed us to establish whether executing ETF trades on an MTF with quotes from multiple counterparties (our preferred execution method) would impact the likelihood of execution. We assess liquidity by comparing the trade size with the average daily volume, seeing if there have been sizeable trades placed in the market on that day, speaking with counterparties, and looking at whether the ETF is trading at a premium or discount.</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. Following the likelihood of execution, our second priority is cost of execution.</p> <p>94% of ETF trades were executed through an MTF (Tradeweb), where multiple quotes allowed us to keep execution spread costs to a minimum.</p> <p>The remaining trades were executed off platform with Sis and 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. We have therefore not identified any potential or actual conflicts of interest with venue or counterparties, which could impact on the Solutions division's ability to deliver best execution to its clients during the Relevant Period.</p>
3 (c)	<p>There are no specific arrangements with any execution venues regarding payments made or received, discounts or rebates received. Research produced by counterparties was paid for by the Solutions division separately to the execution of any trades with these counterparties.</p>

3 (d)	There were no changes to the list of execution venues used by us for the Relevant Period from the 1st January 2019 – 31st December 2019 reporting period. However, we saw two counterparties pulling out from the ETF execution business through MTFs.
3 (e) & (f)	The Solutions division only executes trades on behalf of professional clients meaning execution factors remain the same for all trades executed.
3 (g)	The Solutions division is aware of the available information under Commission Delegated Regulation (EU) 2017/575 (RTS 27), however it uses quantitative and qualitative data generated from prospective and executed transactions and ongoing activities with counterparties to monitor the quality of its execution independently.
3 (h)	At the time of writing there are no consolidate tape providers (CTPs) that covered the Relevant Period of this report.

1.2 Execution Quality for Debt Instruments – Sovereign Bonds

RTS Ref.	
3 (a)	<p>Certain sovereign bonds have operational constraints with regards to settlement which mean that as a priority, pre trade analysis is required in order to establish the likelihood of execution and settlement failing. Where likelihood of execution and settlement failing is not an issue, we would focus on the cost of the transaction.</p> <p>For the Relevant Period the sovereign bonds held within the portfolio did not face any of these challenges and had sufficient liquidity meaning our priority when executing these trades was cost.</p> <p>100% of sovereign bond trades were executed through an MTF (Tradeweb), where multiple quotes allowed us to keep execution spread costs to a minimum.</p>
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. We have therefore not identified any potential or actual conflicts of interest with venue or counterparties, which could impact on the Solutions division’s ability to deliver best execution to its clients during the Relevant Period.
3 (c)	There are no specific arrangements with any execution venues regarding payments made or received, discounts or rebates received. Research produced by counterparties was paid for by the Solutions division separately to the execution of any trades with these counterparties.

3 (d)	There were no changes to the list of execution venues used by us for the Relevant Period from the 1st January 2019 – 31st December 2019 reporting period.
3 (e) & (f)	The Solutions division only executes trades on behalf of professional clients meaning execution factors remain the same for all trades executed.
3 (g)	The Solutions division is aware of the available information under Commission Delegated Regulation (EU) 2017/575 (RTS 27), however it uses quantitative and qualitative data generated from prospective and executed transactions and ongoing activities with counterparties to monitor the quality of its execution independently.
3 (h)	At the time of writing there are no consolidate tape providers (CTPs) that covered the period of this report.

1.3 Execution Quality for Currency Forwards

RTS Ref.	
3 (a)	<p>When we executed currency forwards on behalf of our clients, we assessed the creditworthiness of the counterparties we have available and ensured they were in line with the parameters set out in client’s Investment Management Agreements.</p> <p>Following this, we were focused on cost and likelihood of execution. A full counterparty selection process is completed on a quarterly basis which has proved effective in balancing the ongoing cost of execution against the cost of switching counterparties. The choice of counterparties may be limited depending on the available ISDAs between clients and counterparties.</p> <p>100% of currency forward trades were executed through an MTF (FX Connect) for achieving operational efficiencies and meeting regulatory obligations.</p>
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. We have therefore not identified any potential or actual conflicts of interest with venue or counterparties, which could impact on the Solutions division’s ability to deliver best execution to its clients during the Relevant Period.
3 (c)	There are no specific arrangements with any execution venues regarding payments made or received, discounts or rebates received. Research produced by counterparties was paid for by the Solutions division separately to the execution of any trades with these counterparties.

3 (d)	There were no changes to the list of execution venues used by us for the Relevant Period from the 1 st January 2019 – 31 st December 2019 reporting period. However, we closed all forward positions with one counterparty due to higher cost of execution.
3 (e) & (f)	The Solutions division only executes trades on behalf of professional clients meaning execution factors remain the same for all trades executed.
3 (g)	The Solutions division is aware of the available information under Commission Delegated Regulation (EU) 2017/575 (RTS 27), however it uses quantitative and qualitative data generated from prospective and executed transactions and ongoing activities with counterparties to monitor the quality of its execution independently.
3 (h)	At the time of writing there are no consolidate tape providers (CTPs) that covered the period of this report.

1.4 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 is undertaken to establish which has the higher likelihood of settlement, as this will facilitate 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, which means a change in the price of a fund applied to protect existing investors from bearing costs of large inflows or outflows from a fund. 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. We have therefore not identified any potential or actual conflicts of interest with venue or counterparties, which could impact on the Solutions division's ability to deliver best execution to its clients during the Relevant Period.
3 (c)	There are no specific arrangements with any execution venues regarding payments made or received, discounts or rebates received. Research produced by counterparties was paid for by the Solutions division separately to the execution of any trades with these counterparties.
3 (d)	There were no changes to the list of execution venues used by us for the Relevant Period from the 1st January 2019 – 31st December 2019 reporting period.

3 (e) & (f)	The Solutions division only executes trades on behalf of professional clients meaning execution factors remain the same for all trades executed.
3 (g)	The Solutions division is aware of the available information under Commission Delegated Regulation (EU) 2017/575 (RTS 27), however it uses quantitative and qualitative data generated from prospective and executed transactions and ongoing activities with counterparties to monitor the quality of its execution independently.
3 (h)	At the time of writing there are no consolidate tape providers (CTPs) that covered the period of this report.

The conclusions we have drawn from our monitoring confirm that we have provided the best possible results to our clients during the 2019 calendar year.