



ORDER EXECUTION QUALITY REPORT 2020

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. We do not use execution quality analysis performed by the trading venues we access, commonly referred to as RTS 27.

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 2020 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 2020. 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: 99.31%
- Percentage of trades that were worse than benchmark: 0.17%

Debt (Corporate Bonds and UK Gilts)

- Percentage of trades that were equal to or better than the benchmark: 98.37%
- Percentage of trades that were worse than benchmark: 1.66%

Exchange Traded Products

- Percentage of trades that were equal to or better than the benchmark: 99.79%
- Percentage of trades that were worse than benchmark: 0.08%

Transmitted Equities (Top 5 counterparties)

- Percentage of trades that were equal to or better than the benchmark: 95.44%
- Percentage of trades that were worse than benchmark: 3.48%

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 Investment 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 counterparts or execution venues that may affect the decisions on how an order is executed. During 2020 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 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 entity. 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 do not have direct access to 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 on our clients' behalf, for example the New York Stock Exchange
- Passive and Aggressive orders - A passive order is characterised as an order that is entered into an 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 2020
- Retail and Professional - Separate top 5 venue reports have been provided for retail and professional client orders
- The Retail Service Provider network (RSP) is a system that facilitates the interaction of Quilter Cheviot with Retail Service Providers (Market Makers). It is a quote-driven network where upon transmission of a buy or sell order is polled against an approved list of Market Makers. When quotes are returned, any execution is based on Quilter Cheviot's order execution parameters



Conclusion

During 2020 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 2020 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.

QUILTER CHEVIOT

Senator House
85 Queen Victoria Street
London EC4V 4AB

t: **+44 (0)20 7150 4000**

e: **marketing@quiltercheviot.com**

w: **quiltercheviot.com**



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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	47.23	94.21
BLOOMBERG TRADING FACILITY LIMITED BMTF	34.44	4.96
BGC BROKERS LP - OTF BGCO	18.30	0.72
DUBLIN STOCK EXCHANGE XDUB	0.03	0.10
IRISH STOCK EXCHANGE - GLOBAL EXCHANGE MARKET XEYE	0.00	0.01

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

Client type - Retail	% Vol	% Orders
LONDON STOCK EXCHANGE XLON	83.68	83.82
LONDON STOCK EXCHANGE - AIM AIMX	15.68	14.64
NEX EXCHANGE TRADING (EQUITY) NEXT	0.43	1.30
LONDON STOCK EXCHANGE - MTF XLOM	0.18	0.14
IRISH STOCK EXCHANGE - MAIN SECURITIES MARKET XMSM	0.02	0.03

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

Client type - Retail	% Vol	% Orders
LONDON STOCK EXCHANGE XLON	92.85	95.97
LONDON STOCK EXCHANGE - AIM AIMX	3.60	2.26
IRISH STOCK EXCHANGE - MAIN SECURITIES MARKET XMSM	1.79	1.22
OFF-EXCHANGE TRANSACTIONS - LISTED AND UNLISTED IN BILT	1.11	0.00
DUBLIN STOCK EXCHANGE XDUB	0.51	0.04

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

Client type - Retail	% Vol	% Orders
LONDON STOCK EXCHANGE XLON	98.68	99.52
IRISH STOCK EXCHANGE - MAIN SECURITIES MARKET XMSM	0.72	0.16
LONDON STOCK EXCHANGE - AIM AIMX	0.58	0.28
NEX EXCHANGE TRADING (EQUITY) NEXT	0.01	0.04
DUBLIN STOCK EXCHANGE XDUB	0.01	0.00

Class of Instrument: Exchange traded products

Client type - Retail	% Vol	% Orders
LONDON STOCK EXCHANGE XLON	51.47	64.32
BLOOMBERG TRADING FACILITY LIMITED BMTF	28.07	1.51
FLOW TRADERS B.V.	10.35	9.58
NEX EXCHANGE TRADING (NON-EQUITY) NEXN	4.00	11.43
NEX EXCHANGE TRADING (EQUITY) NEXT	3.03	7.52





APPENDIX 1 - TRANSMITTED TOP 5 COUNTERPARTIES

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

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

Client type - Retail	% Vol	% Orders
KCG EUROPE LIMITED	33.03	55.33
PERSHING SECURITIES LIMITED	26.25	29.50
DBS VICKERS SECURITIES (UK) LIMITED	25.32	6.41
MIRABAUD SECURITIES LIMITED	5.30	0.19
CANTOR FITZGERALD EUROPE	2.74	1.13

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

Client type - Retail	% Vol	% Orders
KCG EUROPE LIMITED	35.88	53.97
PERSHING SECURITIES LIMITED	31.22	35.01
WINTERFLOOD SECURITIES LIMITED	8.72	4.24
DBS VICKERS SECURITIES (UK) LIMITED	8.68	1.51
SANFORD C. BERNSTEIN LIMITED	3.86	2.85

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

Client type - Retail	% Vol	% Orders
KCG EUROPE LIMITED	49.59	69.91
PERSHING SECURITIES LIMITED	19.07	18.80
CANTOR FITZGERALD EUROPE	15.56	3.35
SANFORD C. BERNSTEIN LIMITED	5.13	5.08
OPPENHEIMER EUROPE LTD.	4.66	1.81

Class of Instrument: Exchange traded products

Client type - Retail	% Vol	% Orders
KCG EUROPE LIMITED	31.91	61.63
OPPENHEIMER EUROPE LTD.	24.38	1.97
CANTOR FITZGERALD EUROPE	22.51	3.93
PERSHING SECURITIES LIMITED	10.89	11.18
KEPLER CAPITAL MARKETS	4.02	0.34





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	26.51	54.89
CANTOR FITZGERALD EUROPE	18.30	0.72
PEEL HUNT LLP	18.18	38.84
KING & SHAXSON LIMITED	8.58	0.94
BRIDPORT & CIE SA	5.20	0.70

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

Client type - Retail	% Vol	% Orders
PEEL HUNT LLP	15.72	30.54
INVESTEC BANK PLC	14.07	8.25
WINTERFLOOD SECURITIES LIMITED	13.56	17.51
NUMIS SECURITIES LIMITED	11.70	8.23
PANMURE GORDON (UK) LIMITED	10.11	6.79

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

Client type - Retail	% Vol	% Orders
PEEL HUNT LLP	21.09	35.80
WINTERFLOOD SECURITIES LIMITED	19.54	25.61
INVESTEC BANK PLC	10.56	3.12
STIFEL NICOLAUS EUROPE LIMITED	8.56	2.78
NUMIS SECURITIES LIMITED	8.51	6.98

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

Client type - Retail	% Vol	% Orders
WINTERFLOOD SECURITIES LIMITED	32.77	47.93
PEEL HUNT LLP	21.67	23.97
INVESTEC BANK PLC	10.21	1.61
STIFEL NICOLAUS EUROPE LIMITED	7.09	5.84
LCH LIMITED	6.82	5.21

Class of Instrument: Exchange traded products

Client type - Retail	% Vol	% Orders
WINTERFLOOD SECURITIES LIMITED	25.13	31.52
RBC EUROPE LIMITED	18.85	28.14
FLOW TRADERS B.V.	18.28	8.94
PEEL HUNT LLP	15.84	25.46
INVESTEC BANK PLC	11.49	4.63





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
KBI FUNDS ICAV	7.15	1.85
BAILLIE GIFFORD & CO	6.83	3.18
POLAR CAPITAL FUNDS	6.18	1.59
PRIVILEGE	5.28	2.12
JPMORGAN ASSET MANAGEMENT UK LTD	5.06	5.56

Client type - Retail	% Vol	% Orders
BLACKROCK FUND MANAGERS LTD	6.86	7.22
PIMCO GLOBAL ADVISORS IRL LTD	4.41	5.17
LINK FUND SOLUTIONS LTD	3.39	2.17
ALLIANZ GLOBAL INVESTORS GMBH	3.26	2.85
ROYAL LONDON UNIT TRUST MANAGERS	2.87	2.42