

Order Execution Report for 2017

(January 1st 2017 – December 31st 2017)

This report has been prepared in accordance with Commission Delegated Regulation (EU) 2017/576 of 8 June 2016 supplementing Directive 2014/65/EU (“MIFID II”) of the European Parliament and of the Council with regard to regulatory technical standards for the annual publication by investment firms of information on the identity of execution venues and on the quality of execution (“RTS 28”).

DeaconCapital Asset Management LLP (“DCAM, “we”, “us, “our”) acts as a discretionary investment manager only on behalf of Professional Clients, as defined by the Financial Conduct Authority (“FCA”).

DCAM does not hold client funds and strictly manages its clients’ funds at the client’s own segregated account at a number of designated banks; as such DCAM acts as an External Asset Manager (“EAM”). The client segregated account(s) at the bank(s) are referred to herein as a “Designated Account” and the designated banks are referred to as “Banks”. The Designated Account is where the client’s portfolio (“Portfolio”) is held.

DCAM has established relationships with a number of Banks that comply with MiFID II and in particular that comply with the best execution obligation under MIFID II and which have systems that support compliance with this obligation. DCAM relies on the execution venues of the Banks when it transmits its trading orders under its discretionary investment mandate on behalf of its clients in managing their Portfolios and does not execute directly via an execution venue.

The Banks that DCAM have an established relationship with and where the clients Designated Accounts are held, are as follows:

- 1- Bank Julius Baer – Zurich;
- 2- Credit Suisse – Zurich;
- 3- HSBC- Geneva;
- 4- Barclays – Geneva;
- 5- UBS – London.

DCAM has negotiated rates covering the execution commissions and / or fees that the Banks charge its clients across all asset classes and foreign exchange including custody and / or service fees with each of the Banks. DCAM does not have and have not had since its inception in 2007 any financial remuneration between it and the Banks listed above in any form whether monetary or non-monetary and is only compensated for its investment management services by its clients and hence avoids any conflict of interest between DCAM and the Banks.

The DCAM Portfolio Management Team is responsible for the transmission of orders on trading decisions across all financial instruments to the Banks.

DCAM does not have any close links, affiliation or common ownership with the Banks.

DCAM will consider execution factors that DCAM determines to be applicable and appropriate for a specific asset class when transmitting an order on behalf of one or more client accounts. The ranking of importance and appropriateness of each of the execution factors may differ on an order-by-order basis.

The execution factors include, but are not limited to:

- The execution price including execution cost as applicable;
- speed and/or likelihood of execution;
- speed and/or likelihood of settlement;
- the impact on prices displayed in the market;
- the availability of price improvement (to the extent applicable);
- an instruments' characteristics including liquidity
- any other considerations as applicable for specific orders e.g. technology and trading systems.

DCAM will take into account the following criteria for determining the relevance and importance of each execution factor:

- the client
- current market and liquidity;
- characteristics of the client order; and
- availability and access to liquidity sources.

Trade Placement (Report under RTS 28/Article 65 (6) of Commission Delegated 2017/565/EU)

A. Equities – Shares and Depository Receipts (all tick size liquidity bands)

Class of Instrument	Equities - Shares and Depository Receipts		
Notification if < 1 average trade per business day in the previous year	No		
Top five 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 directed orders
Bank Julius Bär & Co. AG (PNWU8O0BLT17BBV61Y18)	52.5%	48.7%	0%
Credit Suisse AG (ANGGYXNX0JLX3X63JN86)	21.5%	24.9%	0%
HSBC PRIVATE BANK (SUISSE) SA (549300LM7URE8RZR5X06)	21.2%	21.0%	0%
UBS AG (BFM8T61CT2L1QCCEMIK50)	2.6%	2.4%	0%
Barclays Bank (Suisse) SA (9FOPMWYDO3HTZWH0BU41)	2.1%	2.9%	0%

Highlights:

- Within the Equity asset class, DCAM's investment and trading activity was predominantly in developed market equities within large liquid market capitalisation names;
- In less liquid markets or names where DCAM's order represent a high proportion of the average daily volume (typically measured on a 30 day basis), DCAM considers splitting the order and spreading it over two or more trading sessions and / or instructing the Bank to execute at a limit price, targeting VWAP, limiting volume and / or a combination;
- DCAM monitors the execution pricing per Bank and compares to pricing on Bloomberg;

- DCAM monitors the execution fees by comparing to the agreed negotiated execution pricing in place with each Bank and the total fees that will include any additional market access fees (e.g. any sub-venue that the Bank is using).

B. Debt instruments - Bonds

Class of Instrument	Debt Instruments		
Notification if < 1 average trade per business day in the previous year	No		
Top five 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 directed orders
Bank Julius Bär & Co. AG (PNWU8O0BLT17BBV61Y18)	54.2%	51.9%	0%
Credit Suisse AG (ANGGYXNX0JLX3X63JN86)	24.7%	26.0%	0%
HSBC PRIVATE BANK (SUISSE) SA (549300LM7URE8RZR5X06)	17.1%	19.0%	0%
UBS AG (BFM8T61CT2L1QCCEMIK50)	2.1%	1.6%	0%
Barclays Bank (Suisse) SA (9FOPMWYDO3HTZWH0BU41)	1.7%	1.4%	0%

Highlights:

- Within the Fixed Income asset class, DCAM's investment and trading activity was predominantly in investment grade to high grade debt whether developed or developing markets (Corporate or Sovereign). Typically in such segments of the global bond market, liquidity levels are high;
- DCAM's priority consideration was the liquidity of the bond on the day of trade, bid-ask spread versus historical, and adjusting our limit price and order size as to ensure best execution;
- DCAM monitors the execution pricing per Bank and compares to pricing on Bloomberg;
- DCAM monitors the execution fees by comparing to the agreed negotiated execution pricing mark-up / down, in place with each Bank.

C. Collective Investment Schemes

Class of Instrument	Other Instruments - Collective Investment Schemes		
Notification if < 1 average trade per business day in the previous year	No		
Top five 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 directed orders
Bank Julius Bär & Co. AG (PNWU8O0BLT17BBV61Y18)	54.5%	50.3%	0%
Credit Suisse AG (ANGGYXNX0JLX3X63JN86)	20.8%	25.1%	0%
HSBC PRIVATE BANK (SUISSE) SA (549300LM7URE8RZR5X06)	18.9%	19.5%	0%
J.P. Morgan (Suisse) SA (VNJ8GUF91FD6KSMJCG78)	3.2%	2.0%	0%
UBS AG (BFM8T61CT2L1QCCEMIK50)	1.8%	2.1%	0%

Highlights:

- Collective Investment Schemes (CIS), covers open ended mutual funds and / or exchange traded funds (“ETFs”). CIS holdings represented on average 6% of the assets under management across all asset classes and investment mandates;
- DCAM reliance on CIS versus single line equities or bonds is limited and typically for tactical or sector specific complementation;
- When executing an ETF the same liquidity and price execution considerations are given as specified in the Equity highlights section above;
- When executing an open-ended mutual fund, DCAM only invests via the institutional share class of such funds as to reduce fees to its clients and monitors the applicable Bank charges by comparing to the agreed negotiated execution pricing, in place with each Bank.

D. Currency Derivatives – Swaps, forwards and other currency derivatives

Class of Instrument	Currency Forwards		
Notification if < 1 average trade per business day in the previous year	No		
Top five 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 directed orders
Bank Julius Bär & Co. AG (PNWU8O0BLT17BBV61Y18)	60.3%	53.5%	0%
HSBC PRIVATE BANK (SUISSE) SA (549300LM7URE8RZR5X06)	19.2%	22.8%	0%
Credit Suisse AG (ANGGYXNX0JLX3X63JN86)	18.3%	22.1%	0%
Barclays Bank (Suisse) SA (9FOPMWYDO3HTZWH0BU41)	2.1%	1.6%	0%

Highlights:

- DCAM utilises the forward foreign exchange (“FX”) market to manage the client Portfolios currency exposures and manage its currency hedges;
- The forward FX market has deep liquidity and transparent pricing;
- DCAM monitors the spread the Banks charge against the agreed tariff and equally monitors the forward points applied.

If you any queries relating to this report please contact:

Compliance Team
 DeaconCapital Asset Management LLP
 15 King Street
 London SW1Y 6QU