

Best Execution Report 2019

Background

4 Shires Asset Management Limited (“4 Shires”) is required by the Financial Conduct Authority (“FCA”) to take all reasonable effort to obtain “best execution” for its clients. Best execution refers to the way that 4 Shires undertakes investment transactions on behalf of its clients in order to obtain the best outcomes for clients at the point of trade. Please see our Order Execution Policy for further information.

Under The Markets in Financial Instruments Directive II (“MiFID”), 4 Shires is required to disclose each year, and, for each type of financial instrument it trades in on behalf of its clients, its top 5 trading venues used. This includes by monetary volume and by the discrete number of orders. 4 Shires is also required to identify which proportion of trades are conducted “passively” (where liquidity is added to the market, e.g. through a limit order), or “aggressively” (where liquidity is removed from the market, e.g. through an at market best order). We have identified these as LIM and MKT orders respectively.

4 Shires treats all clients as retail clients for the purposes of best execution.

Monitoring

4 Shires monitors the effectiveness of its order execution arrangements, as per the below:

- Details of all transactions are recorded with estimated price based on prevailing bid/offer of the security and the price actually achieved;
- Due diligence of counterparties;
- An annual review of the Order Execution Policy (or more frequent if there are material changes);
- An annual assessment of 4 Shire’s order execution arrangements.

A narrative for best execution is written by each dealer at the point of trade, highlighting the reasons for the method of execution chosen and an ongoing commentary where there is a delay between order submission and order execution (i.e. where the submitted order does not execute instantaneously).

4 Shires assesses and manages any conflicts of interest that may arise (if any) from its use of execution venues on a regular basis.

4 Shires does not have any close links, conflicts of interests or common ownerships with respect to any counterparties used to execute orders. 4 Shires does not receive any payments or non-monetary benefits for executing trades at a specific execution venue. Any other incidental payments made to/received from an order execution venue must adhere to 4 Shires gifts and inducements policy.

In 2019, there were no reasons for 4 Shires to consider that any conflict of interest existed between it and its execution venues.

Payments may be made by 4 Shires to its execution venues for the provision of third party investment research under MiFID II regulations, and not in connection with any particular trade(s). Members of 4 Shires staff and staff of execution venues may attend relevant events and functions of the other firm in such research capacity.

No payments were received by 4 Shires from its execution venues.

Top 5 Execution Venues

4 Shires trades in the following types of listed security:

- Direct Bonds
- Direct Equities
- Exchange Traded Funds (ETFs)
- Investment Trusts

4 Shires' best execution statistics are outlined below:

Direct Bonds

Row Labels	Broker Business (£)	% of Volume	Orders Executed	% of Orders
Jarvis	£44,494.14	72.22%	7	87.50%
MKT	£44,494.14	100.00%	7	100.00%
Winterflood	£17,110.80	27.78%	1	12.50%
MKT	£17,110.80	100.00%	1	100.00%
Grand Total	£61,604.94	100.00%	8	100.00%

4 Shires had low transactional volume in direct bonds during 2019. Volume was also lower than in 2018. This decrease was a continuation of what was seen in 2018 and primarily due to decreasing issuance of retail bonds. This has predicated a move away from ownership of direct bonds to bonds held in collective investment schemes (unit trusts or investment trusts). Most trades took place directly through our custodian Jarvis, with the exception of one trade through Winterflood. This is due to the efficiency of their Winner trading platform, particularly for larger or bulk deals.

Direct Equities

Row Labels	Broker Business (£)	% of Volume	Orders Executed	% of Orders
Cenkos	£8,347,123.77	48.27%	69	16.43%
MKT	£5,825,968.97	69.80%	32	46.38%
LIM	£2,521,154.80	30.20%	37	53.62%
Jarvis	£7,269,508.71	42.04%	338	80.48%
MKT	£7,084,531.56	97.46%	333	98.52%
LIM	£184,977.15	2.54%	5	1.48%
Numis	£964,333.00	5.58%	6	1.43%
MKT	£864,507.95	89.65%	5	83.33%
LIM	£99,825.05	10.35%	1	16.67%
Winterflood	£674,503.79	3.90%	4	0.95%
MKT	£647,599.64	96.01%	3	75.00%
LIM	£26,904.15	3.99%	1	25.00%
Panmure Gordon	£36,826.96	0.21%	3	0.71%
LIM	£24,419.46	66.31%	2	66.67%
MKT	£12,407.50	33.69%	1	33.33%
Grand Total	£17,292,296.23	100.00%	420	100.00%

The majority of trading activity in 2019 was in direct equities. Volume was higher than in 2018. For the first time Cenkos was the most frequently used broker. Cenkos Securities plc is primarily used for medium and smaller companies reflecting the expertise of the firm. This reflects our increased activity in UK mid and small-cap companies due to Brexit-related themes in 2019, as well as the investment of large new AIM portfolios. The relatively high volume compared to the low number of trades reflects the nature of few, larger bulk deals executed by Cenkos in less liquid securities.

Other than Cenkos, 4 Shires primarily trades direct equities through its custodian, Jarvis Investment Management Limited, via its RSP service. 4 Shires may also execute bulk trades through Jarvis in liquid FTSE 100 investments where it is not likely that paying additional third party broker fees will result in an improvement in price. This is often the case for smaller trades, and this is reflected in the low volume but high number of orders for Jarvis in the above table. There are no broker fees payable to Jarvis.

Exchange Traded Funds

Row Labels	Broker Business (£)	% of Volume	Orders Executed	% of Orders
Jarvis	£1,386,000.77	99.67%	68	98.55%
MKT	£1,386,000.77	100.00%	68	100.00%
Winterflood	£4,595.73	0.33%	1	1.45%
MKT	£4,595.73	100.00%	1	100.00%
Grand Total	£1,390,596.50	100.00%	69	100.00%

Trading volume in ETFs was only slightly higher in 2019 than in 2018. Most ETFs held are long term positions and not traded frequently.

Due to the liquid nature of the particular ETFs that 4 Shires trades in, 4 Shires does not consider it in the best interests of clients to trade in ETFs and pay additional fees using third party brokers as this will not normally result in an improvement in price. Should 4 Shires trade in less liquid ETF in the future, this stance may change.

Neither Jarvis nor Winterflood charge commission on trades.

Investment Trusts

Row Labels	Broker Business (£)	% of Volume	Orders Executed	% of Orders
Jarvis	£1,973,956.53	59.19%	208	82.21%
MKT	£1,938,210.94	98.19%	206	99.04%
LIM	£35,745.59	1.81%	2	0.96%
Panmure Gordon	£973,722.30	29.20%	20	7.91%
LIM	£587,772.09	60.36%	11	55.00%
MKT	£385,950.21	39.64%	9	45.00%
Winterflood	£304,834.97	9.14%	19	7.51%
MKT	£304,834.97	100.00%	19	100.00%
Old Mutual	£58,893.03	1.77%	5	1.98%
MKT	£58,893.03	100.00%	5	100.00%
Cenkos	£23,673.56	0.71%	1	0.40%
MKT	£23,673.56	100.00%	1	100.00%
Grand Total	£3,335,080.38	100.00%	253	100.00%

4 Shires was less active in investment trust trading in 2019. The proportion of business conducted through Panmure Gordon & Co has decreased, reflecting the departure of individual brokers from that company. Nonetheless the relatively high volume compared to the low number of orders conducted through Panmure Gordon reflects the need for a specialist broker when conducting larger trades.

The volume conducted through Jarvis but high number of orders represents smaller RSP trades for individual clients. The balance through Winterflood (primarily on its Winner platform) largely represents smaller trades for multiple clients where an RSP is otherwise not available through Jarvis.

Quality of Execution

The relative importance 4 Shires ascribes to its order execution factors is highlighted in the Order Execution Policy.

4 Shires obtains indicative estimated prices from Alpha Terminal Level 2 facility prior to trade.

There were no additions or removals from 4 Shires' list of approved execution venues in 2019.

Disclaimer

This report has been provided on a best endeavours basis. Whilst we believe all data is accurate, some data is unavailable for the categorisation of trades between “passive” (LIM) and “aggressive” (MKT) orders. Where this information is not available the order type has been identified as “Unspecified”. As far as 4 Shires is aware, trades with an unspecified order type occurred prior to the reporting requirement for these types of trades.