

# Best Execution Report 2020

## 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 2020, 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
<b>Winterflood</b>	<b>£66,885.00</b>	<b>59.09%</b>	<b>1</b>	<b>25.00%</b>
LIM	£66,885.00	100.00%	1	100.00%
<b>Jarvis</b>	<b>£46,309.20</b>	<b>40.91%</b>	<b>3</b>	<b>75.00%</b>
MKT	£32,451.40	70.08%	2	66.67%
LIM	£13,857.80	29.92%	1	33.33%
<b>Grand Total</b>	<b>£113,194.20</b>	<b>100.00%</b>	<b>4</b>	<b>100.00%</b>

4 Shires had low transactional volume in direct bonds during 2020, however, there was a volume increase over 2019. Lack of liquidity in some of the areas of the bond market 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. Both Jarvis and Winterflood offer commission free trading on their platforms.

## Direct Equities

Row Labels	Broker Business (£)	% of Volume	Orders	
			Executed	% of Orders
<b>Jarvis</b>	<b>£8,784,359.73</b>	<b>48.78%</b>	<b>357</b>	<b>82.45%</b>
MKT	£8,729,663.77	99.38%	354	99.16%
LIM	£54,695.96	0.62%	3	0.84%
<b>Numis</b>	<b>£5,840,626.33</b>	<b>32.44%</b>	<b>31</b>	<b>7.16%</b>
MKT	£5,396,683.82	92.40%	29	93.55%
LIM	£443,942.51	7.60%	2	6.45%
<b>Cenkos</b>	<b>£2,884,117.57</b>	<b>16.02%</b>	<b>30</b>	<b>6.93%</b>
MKT	£2,057,822.13	71.35%	16	53.33%
LIM	£826,295.44	28.65%	14	46.67%
<b>Winterflood</b>	<b>£388,408.82</b>	<b>2.16%</b>	<b>11</b>	<b>2.54%</b>
LIM	£223,205.34	57.47%	2	18.18%
MKT	£165,203.48	42.53%	9	81.82%
<b>Panmure Gordon</b>	<b>£109,029.10</b>	<b>0.61%</b>	<b>4</b>	<b>0.92%</b>
MKT	£109,029.10	100.00%	4	100.00%
<b>Grand Total</b>	<b>£18,006,541.56</b>	<b>100.00%</b>	<b>433</b>	<b>100.00%</b>

The majority of trading activity in 2020 was in direct equities. Volume was higher than in 2019 due to repositioning of portfolios in the wake of the Covid-19 pandemic. Jarvis was the most frequently used broker in 2020 compared to Cenkos in 2019. 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. There are no broker fees payable to Jarvis. Cenkos Securities fell to the third most frequently used broker in 2020. This reflects the smaller volumes of trading in smaller companies conducted throughout the year, and our focus on allocating to larger more liquid stocks during extreme market volatility. We often use Numis for mid-cap trading, and their position at number two by volume again reflects a shift to larger market cap companies.

## Exchange Traded Funds

Row Labels	Broker Business (£)	% of Volume	Orders	
			Executed	% of Orders
<b>Jarvis</b>	<b>£2,479,590.28</b>	<b>85.07%</b>	<b>60</b>	<b>95.24%</b>
MKT	£2,479,590.28	100.00%	60	100.00%
<b>Winterflood</b>	<b>£435,027.01</b>	<b>14.93%</b>	<b>3</b>	<b>4.76%</b>
MKT	£435,027.01	100.00%	3	100.00%
<b>Grand Total</b>	<b>£2,914,617.29</b>	<b>100.00%</b>	<b>63</b>	<b>100.00%</b>

Number of trades in ETFs was slightly lower in 2020 than in 2019. However, the value of ETFs traded throughout 2020 was significantly higher than 2019. This increase was a result of increasing portfolio exposure to specialist sector ETFs throughout 2020,

and some divestment of well-known index ETFs in favour of active funds during the pandemic.

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. However, Winterflood was used in a small number of trades in a specialist ETF which lacked enough liquidity to trade through Jarvis.

## Investment Trusts

Row Labels	Broker Business (£)	% of Volume	Orders Executed	% of Orders
<b>Panmure Gordon</b>	<b>£6,128,992.85</b>	<b>54.34%</b>	<b>60</b>	<b>16.26%</b>
LIM	£3,235,453.97	52.79%	16	26.67%
MKT	£2,893,538.88	47.21%	44	73.33%
<b>Jarvis</b>	<b>£3,721,326.01</b>	<b>32.99%</b>	<b>273</b>	<b>73.98%</b>
MKT	£3,432,662.06	92.24%	266	97.44%
LIM	£288,663.95	7.76%	7	2.56%
<b>Winterflood</b>	<b>£948,444.56</b>	<b>8.41%</b>	<b>27</b>	<b>7.32%</b>
MKT	£787,396.06	83.02%	24	88.89%
LIM	£161,048.50	16.98%	3	11.11%
<b>Cenkos</b>	<b>£415,371.49</b>	<b>3.68%</b>	<b>5</b>	<b>1.36%</b>
LIM	£271,965.68	65.48%	2	40.00%
MKT	£143,405.80	34.52%	3	60.00%
<b>Numis</b>	<b>£48,872.75</b>	<b>0.43%</b>	<b>2</b>	<b>0.54%</b>
LIM	£36,308.75	74.29%	1	50.00%
MKT	£12,564.00	25.71%	1	50.00%
<b>Old Mutual</b>	<b>£16,297.76</b>	<b>0.14%</b>	<b>2</b>	<b>0.54%</b>
MKT	£16,297.76	100.00%	2	100.00%
<b>Grand Total</b>	<b>£11,279,305.42</b>	<b>100.00%</b>	<b>369</b>	<b>100.00%</b>

4 Shires was more active in investment trust trading in 2020 than in 2019. This was as a result of greater allocation away from the UK, which is often achieved through investing in investment trusts of overseas shres. The proportion of business conducted through Panmure Gordon & Co increased from 2019. The high number of trades conducted through Panmure Gordon reflects the need for specialist brokers when conducting larger trades in investment trusts.

Trades placed through Jarvis represent smaller RSP trades for individual clients. Trades placed through Winterflood (primarily on its Winner platform) largely represents smaller trades for multiple clients where an RSP is otherwise not available through Jarvis, and it is not economical for other brokers to accept the small volume of business.

## 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 2020.

## 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.