

Annual Order Execution (RTS 28) Disclosure

Best Execution

Section 11 of the Conduct of Business Sourcebook (COBS 11) in the FCA's Handbook sets out various requirements for firms when they undertake investment transactions on behalf of their clients. These rules include requiring firms to take all sufficient steps to ensure that the best possible results are achieved for their clients on a consistent basis; this is known as "**Best Execution**".

The Best Execution rules require firms to have robust processes in place to ensure they are meeting the requirements, including the following key elements:

1. When placing investment transactions, consider all factors relating to the trade with the aim of achieving the best possible result. The relevant factors may include:
 - a. characteristics of the client/objectives, investment policy and risks of the fund;
 - b. characteristics of the financial instrument;
 - c. execution venues to which the order can be directed;
 - d. characteristics of the order; and
 - e. execution factors such as price, costs, speed, likelihood of execution and settlement and nature of order.
2. Undertake suitable and appropriate monitoring to ensure the firm's processes are resulting in the best possible results being achieved on a consistent basis and that any deficiencies are being identified;
3. Where the firms' monitoring identifies poor outcomes, any deficiencies in the firms' processes are addressed and their processes reviewed and updated to improve client outcomes;
4. Regularly review their processes, including the execution venues being utilised, to ensure these remain fit for purpose and improvements are made when required, including making use of new venues;
5. Implement and provide to clients an Order Execution Policy which details the firm's processes including, for each type of financial instrument:
 - a. what execution factors the firm considers and how it determines the relative importance of these;
 - b. information on the execution venues used and the factors affecting choice of execution venue; and
 - c. other sufficient information for a client to be able to adequately understand the firm's execution process and how orders will be executed.
6. Publish an annual report on execution quality ("**RTS 28 Disclosure**") outlining, for each class of financial instrument, the top five execution venues used in terms of trading volume in the preceding year and information as to the quality of execution obtained.

RTS 28 Disclosure

As stated above, we, Marlborough Investment Management Limited, (MIM) are required to publish the RTS 28 Disclosure in order to make information available in relation to the venues which we have used for the execution of orders in the previous year and on the analysis undertaken and the conclusions we have drawn from the monitoring of the quality of execution obtained from these venues. The information set out in the Appendix below forms the information required to be disclosed.

In line with the requirements, the information within this disclosure is aggregated across all clients of MIM, which for the calendar year of 2018 were the following funds:

- Acumen Adventurous Fund;
- Acumen Bond Fund;
- Acumen Conservative Fund;
- Acumen Equity Fund;
- Acumen Income Fund;
- Acumen Progressive Fund;
- Acumen Strategic Fund;
- Marlborough Balanced Fund;
- Marlborough Cautious Fund;
- Marlborough Defensive Fund;
- Marlborough Global Fund;
- Marlborough Multi Asset Balanced Fund;
- Marlborough Emerging Markets Fund;
- Kensington Diversified Balanced Fund;
- Kensington Diversified Growth Fund;
- Equilibrium Cautious Fund;
- Equilibrium Balanced Fund; and
- Equilibrium Adventurous Fund.

The above clients are professional clients. MIM placed no trades for retail clients during the calendar year. Consequently, the RTS 28 disclosure requirements for retail clients have been omitted from this report.

Appendix

RTS 28 Disclosure

1st January 2018 – 31st December 2018

PROFESSIONAL CLIENTS – FUNDS

Financial Instrument – Equities

Class of Instrument	Equities – Shares & Depositary Receipts – Tick Size Liquidity Band 1 and 2				
Notification if <1 average trade per business day in the previous year	No				
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total	Proportion of orders executed as percentage of total	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Tradebook W22LROWP2IHZNBB6K528	70.33%	60%			0%
Winterflood 8BRUP6V1DX3PIG2R0745	29.67%	40%			0%

Financial Instrument – ETFs

Class of Instrument	Equities – Shares & Depositary Receipts				
Notification if <1 average trade per business day in the previous year	No				
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total	Proportion of orders executed as percentage of total	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Crossflow 391200OECOXD95PA2E12	100%	100%			0%

Financial Instrument – Investment Trusts

Class of Instrument	Equities – Shares & Depositary Receipts				
Notification if <1 average trade per business day in the previous year	No				
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total	Proportion of orders executed as percentage of total	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Winterflood 8BRUP6V1DX3PIG2R0745	100%	100%			0%

Explanation of the relative importance given to execution factors and any other consideration including qualitative factors used when assessing the quality of execution:

In seeking to achieve the best possible results, MIM considered a number of execution factors, which varied in importance according to the nature of each trade and the conditions prevailing in the market at the time of execution. These included, but were not limited to:

- Liquidity and price characteristics of financial instrument to be dealt;
- Nature, order size, commission rates and other cost factors;
- The need to minimise potential market impact;
- Fund mandate and restrictions (internal funds);
- Speed and consistency of successful delivery;
- Dealing counterparty rating from internal review; and
- Likelihood of execution and settlement.

MIM used a single execution venue for ETF trades – Crossflow. MIM is confident that this execution venue obtained results that were at least as good as those we could have expected from using alternative venues, i.e. an alternative broker or accessing a market maker directly. Crossflow is a specialist ETF broker, actively seeking prices from multiple market makers, all of whom are in active competition. MIM has through empirical research established, that no single market maker consistently provides the best price – the market is highly dynamic with the best bid and ask prices changing constantly. Additionally, Crossflow seeks to further enhance pricing by aggregating client orders to take advantage of economies of scale. Crossflow have also developed a number of systems to minimise the market impact on pricing as they work orders to a client's best advantage. Single market makers are only able to deliver competitive pricing on the limited range of ETFs in which they make a market, so no single market maker would deliver the best prices for every ETF. Flat execution costs are not generally higher through Crossflow than through alternative brokers. With a single market maker, in addition to the price at which a trade is made being unpredictable the cost of execution is wrapped up in the market maker's spread, meaning that unbundling the cost of execution is difficult. With Crossflow, prices will be more advantageous meaning that the best possible result in terms of total consideration will be obtained on a consistent basis.

We only use counterparties (executing venues) whose credit worthiness, Order Execution Policy and Terms and Conditions have been scrutinised and approved by our group Investment Committee. This assessment and other monitoring is carried out on a continual basis to ensure counterparties are providing suitable quality of execution with changes made to the list of approved counterparties when so required.

Description of any close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders:

There are no conflicts of interest, common ownerships or close links with respect to any of the execution venues used. Should such instances occur in future, we have a Conflict of Interest Policy in place which is designed to ensure any potential conflict is prevented or appropriately managed.

Description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received:

On all occasions when orders were given to brokers for them to execute, a commission was charged by the broker for the service provided. These commissions were for execution services only and no investment research was provided as a result of these payments.

Explanation of the factors that led to a change in the list of execution venues listed in our Order Execution Policy:

There were no changes made to the list of execution venues available for use during 2018 as these were considered as being sufficient for us to be able to achieve best execution on a consistent basis.

Explanation of the use made of any data or tools relating to the quality of execution including quarterly reports published by execution venues (RTS 27 reports):

Trade Monitoring 2018

Trades which have been executed are assessed on a trade-by-trade basis against the average spread to ensure that prices obtained equate to acceptable market prices and as a means of monitoring the quality of execution and ensuring that the best possible results are being achieved on a consistent, ongoing basis. Each trade is analysed on the basis of price, spreads and explicit costs to ensure that each trade has achieved the best possible execution we could have obtained, given the constraints of markets, spreads and transaction costs prevailing at the time.

MIM's Compliance Team carry out regular monitoring of the investment management team and the delivery of best execution. These reviews include ensuring that we have executed trades in line with our Order Execution Policy and are maintaining suitable records in relation to other elements of the processes, such as broker approvals and reviews and monitoring to ensure best execution is being achieved. Any recommendations made during these reviews are reported to senior management and monitored until resolved.

Counterparty Review 2018

Additionally, a counterparty review is conducted on an annual basis. This includes quantitative execution data and qualitative data in relation to previous execution and to any post-trade issues which may have occurred. The review covers the following assessments for each broker used.

- Investment Team report on quality of Post-Trade Service;
- Investment Team report on brokers' ability to achieve Best Execution;
- How much commission has been paid to each Broker – broken down by amount paid relative to amount traded and the rate of commission paid;
- Capital Adequacy assessment of the brokers, including counterparties' credit ratings;
- That all broker records are in place;
- Clients per counterparty, per categorization; and
- Type of trades effected.

In carrying out this review for 2018 no concerns were raised or problems/issues were identified.

RTS 27 Reports Review

MIM has reviewed the RTS 27 reports (reports on execution quality), published by the execution venues for 2018 as part of our Counterparty review of these venues and their execution processes. MIM made use of the RTS 27 report produced by Crossflow when conducting this review.

Explanation of the use made of transaction data outputs from consolidated tape providers (RTS 13 reporting), or any other algorithms, to allow for the development of enhanced measures of execution quality and assessment of execution performance:

Due to the size and nature of our business and the nature of the execution of trades, we do not have electronic systems in place for the monitoring of the quality of execution. The monitoring which we conduct does however include the manual collection of appropriate market information, such as price information, to ensure suitable execution quality has been achieved. Additionally, as part of our review of our execution processes, we will also consider whether the use of additional execution venues or alternative methods of execution could enhance the overall quality of execution and we will make use of relevant market data to inform these decisions.