

1 January 2019 to 31 December 2019

# **RTS 28 Quality of Execution Annual Report**

**Arcmont Asset Management Limited**

April 2020

## RTS 28 Quality of Execution Annual Report

**Firm:** Arcmont Asset Management Limited (“Arcmont”)

**Calendar Year Disclosure Period:** 1 January 2019 to 31 December 2019

**Date:** 30 April 2020

### Summary of classes of instruments included in this report, and class of instruments not included in this report:

Classes of instruments included in this report	Classes of instruments not included in this report
<ul style="list-style-type: none"> <li>• Currency derivatives               <ul style="list-style-type: none"> <li>- Swaps, forwards, and other currency derivatives</li> </ul> </li> <li>• Debt instruments:               <ul style="list-style-type: none"> <li>- Bonds</li> </ul> </li> <li>• Equities – Shares &amp; Depositary Receipts               <ul style="list-style-type: none"> <li>- Tick size liquidity bands 1 and 2 (from 0 to 79 trades per day)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Equities – Shares &amp; Depositary Receipts               <ul style="list-style-type: none"> <li>- Tick size liquidity bands 5 and 6 (from 2000 trades per day)</li> <li>- Tick size liquidity bands 3 and 4 (from 80 to 1999 trades per day)</li> </ul> </li> <li>• Debt instruments               <ul style="list-style-type: none"> <li>- Money markets instruments</li> </ul> </li> <li>• Interest rates derivatives               <ul style="list-style-type: none"> <li>- Futures and options admitted to trading on a trading venue</li> <li>- Swaps, forwards, and other interest rates derivatives</li> </ul> </li> <li>• Credit derivatives               <ul style="list-style-type: none"> <li>- Futures and options admitted to trading on a trading venue</li> <li>- Other credit derivatives</li> </ul> </li> <li>• Currency derivatives               <ul style="list-style-type: none"> <li>- Futures and options admitted to trading on a trading venue</li> <li>- Swaps, forwards, and other currency derivatives</li> </ul> </li> <li>• Structured finance instruments</li> <li>• Equity Derivatives               <ul style="list-style-type: none"> <li>- Options and Futures admitted to trading on a trading venue</li> <li>- Swaps and other equity derivatives</li> </ul> </li> <li>• Securitized Derivatives               <ul style="list-style-type: none"> <li>- Warrants and Certificate Derivatives</li> <li>- Other securitized derivatives</li> </ul> </li> <li>• Commodities derivatives and emission allowances Derivatives               <ul style="list-style-type: none"> <li>- Options and Futures admitted to trading on a trading venue</li> <li>- Other commodities derivatives and emission allowances derivatives</li> <li>- Contracts for difference</li> </ul> </li> <li>• Exchange traded products (Exchange traded funds, exchange traded notes and exchange traded commodities)</li> <li>• Emission allowances</li> <li>• Other instruments</li> </ul>

<p><b>General</b></p>	<p>Arcmont Asset Management Limited is authorised and regulated in the United Kingdom by the Financial Conduct Authority (“FCA”). As part of the MiFID II best execution requirements, investment firms must publish, on an annual basis, reports summarising specific information on the quality of execution obtained for each financial instrument traded during the preceding year. MiFID II provides 22 sub-classes of financial instruments and investment firms are required to disclose their trading volumes with different counterparties expressed as a percentage of the firm’s total execution volume and a percentage of the number of executed orders, in that particular sub-class of financial instrument (the Top 5 broker report).</p> <p>In addition, investment firms must also provide a qualitative report summarising the conclusions drawn from its monitoring of the quality of execution. This report provides qualitative information summarising the quality of execution undertaken by Arcmont in 2019, in the sub-classes of instruments detailed below. The sub-classes that are not included in this report have been excluded because Arcmont did not execute any orders in these instruments during 2019. This report should be read with the accompanying quantitative disclosure report (the Top 5 broker report).</p> <p>Arcmont was authorised by the FCA on 30 October 2019 and as such the data in the Top 5 broker reports and this qualitative assessment covers the period 30 October 2019 to 31 December 2019.</p>
<p><b>Close links, conflicts of interest and common ownership with respect to execution venues</b></p>	<p><b>Close links</b> Arcmont has no close links to report.</p> <p><b>Conflicts of interest</b> Arcmont has no conflicts of interest to report.</p> <p><b>Common ownerships</b> Arcmont has no common ownership to report.</p>
<p><b>Specific arrangements with execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received</b></p>	<p>Arcmont has no specific arrangements to report.</p>
<p><b>Factors leading to a change in the list of execution venues listed in the best execution policy</b></p>	<p>There were no changes to the list of execution venues/brokers in Arcmont’s Best Execution Policy.</p>
<p><b>Differentiation across client categories</b></p>	<p>N/A - all of the Firm’s clients are professional clients</p>
<p><b>Use of data / tools relating to quality of execution</b></p>	<p>Due to the limited trading activity undertaken, Arcmont has not used specific data or tools relating to quality of execution.</p>
<p><b>Use of consolidated tape provider output</b></p>	<p>Arcmont has not used output from consolidated tape providers.</p>

<b>Class of instrument</b>	<b>Currency derivatives: swaps, forwards, and other currency derivatives</b>
<b>Observations and Execution Factors</b>	<p>Arcmont executes orders in currency forwards for hedging purposes. In addition to price, the ability to settle on a net basis is considered a primary execution factor because settling transactions on a gross basis creates significant additional costs due to the associated liquidity issues.</p> <p>It is typically only possible to settle transactions on a net basis when the same broker acts as counterparty for all outstanding positions held by each individual fund Arcmont acts as Portfolio Manager to. In order to demonstrate that best execution is being provided where there is a single broker being relied upon for execution for each individual fund, Arcmont undertakes monitoring to assess whether the results are at least as good as could be obtained from relying on another broker.</p>
<b>Class of instrument</b>	<ul style="list-style-type: none"> <li>• <b>Debt instruments: Bonds</b></li> <li>• <b>Equities – Shares &amp; Depository Receipts: tick size liquidity bands 1 and 2 (from 0 to 79 trades per day)</b></li> </ul>
<b>Observations and Execution Factors</b>	<p>During 2019, Arcmont executed a very small number of transactions in unlisted bonds and unlisted equity instruments. These transactions were not executed through a broker but the terms of these transactions were bilaterally negotiated with the counterparty. Due to the nature of these instruments, there is typically no choice to select a specific counterparty with which to execute the transactions. Arcmont has in place a rigorous approval process before executing a transaction which includes approval by the Investment Committee and the Loan Approval Committee to ensure that executing these transactions represents the best possible outcome for Arcmont’s clients on a consistent basis.</p>

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