

HERONBRIDGE INVESTMENT MANAGEMENT LLP (“Heronbridge”)

BEST EXECUTION SUMMARY – 2020 YEAR

Under the Markets in Financial Instruments Directive 2014/65/EU (commonly known as “MiFID II”) Heronbridge is required to provide annual qualitative and quantitative reporting on the venues where all client orders have been executed during the period under consideration.

Best Execution Qualitative Summary

EU Regulatory Technical Standard 28 (“RTS 28”) Article 3(3) requires Heronbridge to provide the following information:

(a) An explanation of the relative importance the firm gave to the execution factors of price, costs, speed, likelihood of execution or any other consideration including qualitative factors when assessing the quality of execution;

In selecting brokers, Heronbridge seeks the best combination of price and other execution factors. These execution factors include the size of the order, the speed and nature of the transaction, the likelihood of execution and settlement and any other considerations deemed relevant. Although under normal circumstances, Heronbridge regards price as being the most important factor on an order-by-order basis when trying to obtain the best possible result for clients, Heronbridge has established the following process to ensure adequate consideration is also given to the relative importance of each of the other execution factors.

Heronbridge uses a number of brokers to execute and clear client trades. The suitability of broker appointments is reviewed and approved annually and where necessary, more frequently. The execution factors detailed above are incorporated in this review through consideration of the particular expertise of the broker with respect to the size or type of transaction, the commission rates charged, the nature and character of the relevant markets on which the transactions will be executed, and the broker’s execution experience, integrity, credit-worthiness, financial responsibility, operational efficiency, historic performance and previous experience of the service provided. The results of this review are used to assess whether it is appropriate for an existing broker relationship to be continued or terminated. For potential new broker appointments, the same factors are considered although without the benefit of historic performance and experience of service. Since inception in 2005 Heronbridge has maintained active relationships with between three and six brokers which Heronbridge believes provides a balance of sufficient choice of brokers to place trades with and the ability to perform manageable oversight. Monitoring of each broker’s performance and ongoing suitability against the factors is achieved through regular internal reviews of price deviations against benchmarks, coverage and share of the market in stocks of interest, commission costs, dealer feedback on overall added-value, error rate and efficiency of corrective action taken, as well as consideration of operational and settlement efficiency. Periodic meetings are held with each broker to review performance.

(b) A description of any close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders;

Heronbridge does not have any close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders.

(c) A description of any specific arrangements with any execution venues regarding payments made or received, discounts rebates or non-monetary benefits received;

Heronbridge has not entered into any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received.

(d) An explanation of the factors that led to a change in the list of execution venues, if such a change occurred;

Please refer to information under section (a) for the factors that would lead to a change in execution venues.

(e) An explanation of how order execution differs according to client categorisation, where the firm treats categories of clients differently and where it may affect the order execution arrangements;

Heronbridge has categorised each of its privately offered commingled funds and separate account clients as a Professional Client under MiFID II rules. As a consequence, there is no difference in order execution arrangements between Heronbridge clients.

(f) An explanation of whether other criteria were given precedence over immediate price and cost when execution retail client orders and how these other criteria were instrumental in delivering the best possible result in terms of the total consideration to the client;

Not applicable as Heronbridge does not execute orders for any retail clients.

(g) An explanation of how the investment firm has used any data or tools relating to the quality of execution, including any data published under Commission Delegated Regulation (EU) 2017/575;

Heronbridge utilises the following data and tools to monitor the quality of execution:

- Intra-day monitoring – Heronbridge dealers use the firm’s order management dealing system to scrutinise live trades during market opening times. Dealers have access to live information from third party data providers such as Bloomberg during the day which enables them to cross check the quality of execution by a broker.
- Post-trade monitoring – Heronbridge dealers perform checks against a number of third party information sources to ensure trades have been executed in line with instructions. Any exceptions are followed up by Heronbridge’s dealer or with brokers and recorded on each ticket.
- Third party transaction cost analysis (“TCA”) – Heronbridge employs a leading TCA supplier to provide analysis on individual trades and aide execution comparisons between brokers. From this data Heronbridge’s dealers are able to challenge and better understand the performance of each broker.
- Internal broker performance monitoring – Heronbridge dealers periodically summarise all trades by various relevant metrics (such as market cap, price variance and broker) which are then reviewed internally to gauge any performance variances between brokers.

(h) Where applicable, an explanation of how the investment firm has used output of a consolidated tape provider established under Article 65 of Directive 2014/65/EU.

Not applicable.

Heronbridge Investment Management LLP
Quantitative Summary
Top 5 Execution Venues 2020

Class of Instrument	Equities - Shares & Depositary Receipts - Tick size liquidity bands 5 and 6 (from 2000 trades per day)	
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 in that class	Proportion of orders executed as percentage of total in that class
Virtu Investment Technology Group	55%	73%
JP Morgan	32%	19%
Sanford Bernstein	13%	8%

Class of Instrument	Equities - Shares & Depositary Receipts - Tick size liquidity bands 3 and 4 (80 to 1999 trades per day)	
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 in that class	Proportion of orders executed as percentage of total in that class
Virtu Investment Technology Group	99%	99%
JP Morgan	1%	1%

Class of Instrument	Equities - Shares & Depositary Receipts - Tick size liquidity bands 1 and 2 (1 to 79 trades per day)	
Notification if <1 average trade per business day in the previous year	Yes	
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class
Virtu Investment Technology Group	100%	100%