



### **Order Execution Report for 2017**

Troy Asset Management Limited (“Troy”, “we”, “our”) acts as a discretionary investment adviser/manager only on behalf of Professional Clients, as defined in the Handbook of Rules and Guidance issued by the Financial Conduct Authority (“FCA rules”).

Troy trades financial instruments on behalf of its clients either: (i) by placing orders with a broker to execute on behalf of its clients; or (ii) by executing trades directly through an execution venue. Where we have executed through an execution venue we have also disclosed the underlying execution counterparties, to provide a fuller disclosure of our key trading relationships. This report, which covers the period from 1 January 2017 to 31 December 2017, provides information on the top five brokers with which we placed orders for execution and top five execution venues where we executed orders.

Our centralised dealing team is responsible for all trading decisions across all classes of financial instrument. Troy does not have any close links, affiliation or common ownership with any execution venue or broker used to execute/place (as applicable) orders. We are not aware of any conflicts of interests with respect to any execution venue or broker.

Troy does not have any specific arrangements in relation to discounts, rebates or non-monetary benefits with any venue with which it executes or places orders. However, minor non-monetary benefits may be given or received in line with Troy’s internal policies and the FCA rules.

As Troy does not trade directly on exchange, the distinction between ‘passive’ and ‘aggressive’ is not relevant to our trading for which reason we view the requirement to detail the proportion of passive and aggressive executions is not applicable in our disclosure.

At present, there are no consolidated tape providers established in Europe. Therefore, we have not used consolidated tape provider data in evaluating the quality of execution obtained.

The majority of our trading counterparties are required to publish information on their use of execution venues. Following publication, we will use that information to assist us in assessing the execution performance of our trading counterparties.

## 1. Trade Placement (Article 65 (6) Report)

### 1.1 Equities – Shares and Depositary Receipts (all tick size liquidity bands)

Class of Instrument	Equities - Shares and Depositary Receipts (All tick size liquidity bands)		
Notification if < 1 average trade per business day in the previous year	No		
Top five execution venues ranked in terms of trading volumes	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of directed orders
J. P. Morgan Securities PLC (K6Q0W1PS1L1O4IQL9C32)	38.2%	34.4%	0%
UBS Ltd (T6FIZBDPKLYJKFCRVK44)	27.9%	27.6%	0%
Barclays Capital Securities Ltd (K9WDOH4D2PYBSLSOB484)	6.3%	2.5%	0%
Atlantic Equities LLP (213800327M9B4D9S1553)	6.1%	3.1%	0%
Numis Securities Ltd (213800P3F4RT97WDSX47)	4.5%	6.3%	0%

Within the equity asset class, Troy's trading activity was predominantly in developed market equities with large market capitalisation and a high availability of liquidity across numerous venues. When trading such stocks, we placed the highest importance on price and execution costs (often described as "total consideration"). However, where orders were in less liquid stocks, or the order represented a high proportion of the daily volume (measured over various periods), other execution factors such as size, speed and likelihood of execution, increased in priority.

Brokers with whom Troy places orders for execution are paid commission at negotiated rates which we consider to be normal commercial rates for the relevant transaction. Troy has sought to negotiate parity of rates of commission across brokers targeting similar execution channels. Agreeing common rates of commission helps to enable us to select brokers based on their execution qualities alone. Rates of commission are reviewed on a regular basis to ensure they represent an appropriate rate of remuneration for the level service we are receiving.

Live pricing, which we used to assist in price discovery, is available from the key equity execution venues through which orders are placed.

We utilised independent transaction cost analysis, in conjunction with our counterparts' trade and venue analysis, to assess execution performance and to help guide us in broker and trading strategy selection.

In order to broaden the scope of execution venues available, enhancing our access to liquidity, during the second half of 2017 we added two additional algorithmic trading providers to our approved counterparty list. We also added two brokers to improve execution quality in non-UK markets.

## 1.2 Equity Derivatives – Options and futures admitted to trading on a trading venue

Class of Instrument	Equity Derivatives - Options and futures admitted to trading on a trading venue		
Notification if < 1 average trade per business day in the previous year	Yes		
Top five execution venues ranked in terms of trading volumes	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of directed orders
J.P. Morgan Securities PLC (K6Q0W1PS1L104IQL9C32)	100.0%	100.0%	0.0%

On rare occasions, Troy may trade equity derivatives. These were traded extremely infrequently in 2017 and, therefore, were placed through a single counterparty. We consider other trading options but feel the use of a single investment firm for exchange traded derivatives continues to provide best execution and is proportionate and cost effective to our clients given our volumes of trading. We placed the highest importance on price, balanced against the order size and likelihood of execution.

Brokers with whom Troy place orders for execution are paid commission at negotiated rates which we consider to be normal commercial rates for the relevant transaction. Rates are reviewed on a regular basis to ensure they represent an appropriate rate of remuneration for the level of service we are receiving.

Live pricing, which we used to assist in price discovery, is available from the key exchange traded derivative execution venues through which orders are placed.

## 2. Trade Execution (RTS 28 Report)

### 2.1 Debt Instruments - Bonds

Class of Instrument	Debt Instruments - Bonds		
Notification if < 1 average trade per business day in the previous year	Yes		
Top five execution venues ranked in terms of trading volumes	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of directed orders
Bloomberg Trading Facility Ltd (MIC - BMTF)	100.0%	100.0%	0.0%

Class of Instrument	Debt Instruments - Bonds (Counterparty)		
Notification if < 1 average trade per business day in the previous year	Yes		
Top five execution venues ranked in terms of trading volumes	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of directed orders
TD Securities Ltd (H71H6FPHX49CGFTF4J23)	94.7%	47.5%	0.0%
HSBC Bank PLC (MP6I5ZYBUEU3UXPYFY54)	4.5%	4.9%	0.0%
NCL Investments Ltd (D2F0VEF263OY4T3YK397)	0.7%	32.8%	0.0%
J. P. Morgan Securities PLC (K6Q0W1PS1L104IQL9C32)	0.1%	14.8%	0.0%

When we executed orders in bonds which, given the size of the order and the volume available in the market, we considered to be liquid, execution factors of price (which incorporates the cost of execution) and likelihood of execution were prioritised. When trading in less liquid/illiquid bonds

and/or orders that were deemed to be large in size, the price was balanced against the size and likelihood of execution.

During 2017 Troy became a participant of Bloomberg’s multilateral trading facility (“BMTF”). Where transactions in bonds were executed on a trading venue, all were executed by way of BMTF. This is shown in the first table above. The second table shows all transactions in bonds, both on and off venue, which includes the underlying top five counterparties for trades executed on BMTF. Use of BMTF enabled us to capture competing quotations and/or indicative market prices electronically.

Live pricing, which we used to assist in price discovery, is available from the execution venues through which orders are executed. Our dealing team utilised pre-trade analytics to assess the liquidity of the bonds which in turn was used to ascertain the priority of execution factors. Where we were able to request competing quotations, transaction cost analysis was used to compare the price at which the trade was executed against the prices available at the time of execution. Where, due to the size or liquidity of the trade, it was deemed to be disadvantageous to request competing quotations, transaction cost analysis was performed to review the execution price against the indicative market price at the time of execution. Our use of transaction cost analysis was developed in the second half of 2017 and we now utilise an independent analysis provider which has increased the reference data which is available to us.

In order to broaden the scope of execution venues to which we have access for trading bonds, in the second half of 2017 an additional counterparty was added to our approved counterparty list. This enhanced our access to liquidity.

## 2.2 Debt Instruments – Money market instruments

Class of Instrument	Debt Instruments - Money market instruments		
Notification if < 1 average trade per business day in the previous year	Yes		
Top five execution venues ranked in terms of trading volumes	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of directed orders
Bloomberg Trading Facility Ltd (MIC - BMTF)	100.0%	100.0%	0.0%

Class of Instrument	Debt Instruments - Money market instruments (Counterparty)		
Notification if < 1 average trade per business day in the previous year	Yes		
Top five execution venues ranked in terms of trading volumes	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of directed orders
TD Securities Ltd (H71H6FPHX49CGFTF4J23)	72.7%	67.9%	0.0%
King & Shaxson Ltd (213800ARTVZQSADRZ559)	12.7%	16.0%	0.0%
NCL Investments Ltd (D2F0VEF263OY4T3YK397)	11.7%	13.2%	0.0%
J. P. Morgan Securities PLC (K6Q0W1PS1L1O4IQL9C32)	2.9%	2.8%	0.0%

When we executed orders in money market instruments which we considered to be liquid, given the size of the order and the volume available in the market, execution factors of price (which incorporates the cost of execution) and likelihood of execution were prioritised. When trading in less liquid money

market instruments and/or trading orders which were deemed to be large in size, the price was balanced against the size and likelihood of execution.

During 2017 Troy became a participant of BMTF. Where transactions in money market instruments were executed on a trading venue, all were executed by way of BMTF. This is shown in the first table above. The second table shows all transactions in money market instruments, both on and off venue, which includes the underlying top five counterparties for trades executed on BMTF. Use of BMTF enabled us to capture competing quotations and/or indicative market prices electronically.

Live pricing, which we used to assist in price discovery, is available from the execution venues through which orders are executed. Our dealing team utilised pre-trade analytics to assess the liquidity of the money market instruments to ascertain the priority of execution factors. Where we were able to request competing quotations, transaction cost analysis was used to compare the price at which the trade was executed against the prices available at the time of execution. Where, due to the size or liquidity of the trade, it was deemed to be disadvantageous to request competing executable quotations, transaction cost analysis was carried out by reviewing the execution price against the indicative market price at the time. The use of transaction cost analysis was developed in the second half of 2017 and we now utilise an independent analysis provider which has increased the reference data which is available to us.

In order to broaden the scope of execution venues to which we have access for trading money market instruments, in the second half of 2017 an additional counterparty was added to our approved counterparty list. This enhanced our access to liquidity.

### 2.3 Currency Derivatives – Swaps, forwards and other currency derivatives

Class of Instrument	Currency derivatives - Swaps, forwards & other currency derivatives		
Notification if < 1 average trade per business day in the previous year	Yes		
Top five execution venues ranked in terms of trading volumes	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of directed orders
Bloomberg Trading Facility Limited (MIC - BMTF)	100.0%	100.0%	0.0%

Class of Instrument	Currency derivatives - Swaps, forwards & other currency derivatives		
Notification if < 1 average trade per business day in the previous year	Yes		
Top five execution venues ranked in terms of trading volumes	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of directed orders
Bank of New York Mellon (HPFHU00Q28E4N0NFVK49)	81.1%	62.9%	0.0%
JP Morgan Chase Bank (7H6GLXDRUGQFU57RNE97)	16.3%	21.4%	0.0%
Northern Trust Company (PTKHDJ8HDUF78PFWH30)	2.5%	15.7%	0.0%

In major foreign exchange (“FX”) when executing FX forwards, due to the high availability of liquidity and in-depth price discovery, we balanced the importance of counterparty risk and likelihood of execution against the price (which incorporates execution costs).

During 2017 Troy became a participant of BMTF. Where FX transactions were executed on a trading venue, all were executed by way of BMTF. This is shown in the first table above. The second table

shows all FX transactions, both on and off venue, which includes the underlying top five counterparties for trades executed on BMTF. Use of BMTF enabled us to capture competing quotations and/or indicative market prices electronically.

We have access to live pricing from the execution venues through which orders are executed, to assist in price discovery. Transaction cost analysis was performed by reviewing the execution price against the indicative market price at the time of execution. The use of transaction cost analysis was developed in the second half of 2017 and we now utilise an independent analysis provider, delivering a greater availability of reference data.

## 2.4 Other instruments – Collective investment schemes

Class of Instrument	Other Instruments - Collective Investment Schemes		
Notification if < 1 average trade per business day in the previous year	Yes		
Top five execution venues ranked in terms of trading volumes	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of directed orders
Link Fund Administrators Ltd	90.8%	93.1%	0.0%
Pershing Securities Limited (549300NC3GURN0AEZU06)	4.2%	2.9%	0.0%
Bank Julius Baer & Co. AG (PNWU80OBLT17BBV61Y18)	2.5%	0.6%	0.0%
IFDS Limited	0.8%	0.8%	0.0%
Maitland Fund Services Ltd	0.7%	0.6%	0.0%

The majority of trades were placed through Link Fund Administrators Limited, the administrator and transfer agent of two master funds in separate master/feeder fund structures, where Troy acts as investment manager to both the feeder and master funds.

All our orders in open-ended collective investment schemes were placed with the transfer agent to the relevant fund. We prioritised speed as the key execution factor, to ensure that the order is placed in advance of the relevant valuation point.

Where possible, trades in collective investment schemes were placed using Calastone's fund dealing platform.

If you have any queries relating to this report please direct them to:

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