

Cornelian Asset Managers Limited ('Cornelian')

RTS 28 Report for the period ending 31 December 2017

We note below the information required to be provided under Article 3 (3) of Regulatory Technical Standards 28 providing a summary of the analysis and conclusions drawn from Cornelian's detailed monitoring of the quality of execution obtained on the execution venues where they executed all client orders in the previous year.

(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;

When executing orders on behalf of our clients, we have an overriding obligation to take all sufficient steps to achieve best execution on their behalf.

The importance of the various execution factors stipulated by the Rules will vary depending on the circumstances and context of the order. That said, the execution factors that are commonly the most important in the achievement of best execution by Cornelian are price and size. Cornelian considers these two execution factors as inextricably linked as the price will be affected by the size of any intended bargain. Thus, business is allocated to brokers on the basis of their ability to execute transactions at competitive prices and in acceptable volumes.

Speed and likelihood of execution are perceived to be similar concepts and both will have an impact on the price achievable. If, for example, Cornelian was seeking the prompt execution of an order, that may have an impact on the price attainable. Speed is also considered to correlate to size.

When placing an order with a broker for execution, Cornelian's choice of broker is driven by their ability to execute transactions at competitive prices and in acceptable volumes. The market impact (i.e. the extent to which the buying or selling moves the price against the buyer or seller), as an indirect cost of trading, can dwarf the direct costs of trading (commissions and fees) especially on larger deals. The primary focus in minimising overall trading costs is, therefore, to choose an execution venue where sufficient liquidity may best be accessed. Cornelian aims to deliver best execution by minimising the market impact of transactions.

Cornelian does not consider the likelihood of settlement to be a material factor influencing execution due to the fact that Cornelian's investment universe comprises securities listed on the London Stock Exchange or Alternative Investment Market (AIM). Cornelian only ever deals through reputable counterparties that are themselves authorised and regulated in the EU and through whom settlement problems are rarely experienced.

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

Cornelian does not have any close links, conflicts of interests or 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 nonmonetary benefits received;

Other than pre-agreed commission rates for trade execution, Cornelian does not have any 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 listed in the firm's execution policy, if such a change occurred;

During calendar year 2017 we added no new counterparties to our List of Approved Execution Venues. However we removed the following counterparties for the reasons noted:

- Deutsche Bank: would only trade on a purely electronic basis
- Panmure Gordon: change of ownership
- Stockdale Securities: lack of relevant research coverage for Cornelian
- Stocktrade Securities: Cornelian no longer wishes to trade in certificated securities

Brokerage firms on our list of execution venues are subject to an authorisation and ongoing monitoring process. Furthermore, regular reviews of the performance of execution services provided by the broker, and the broker's ability to trade effectively on our clients' behalf are undertaken.

(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;

Cornelian have retail and professional clients. All Cornelian clients are treated in the same way under our Order Execution Policy.

(f) an explanation of whether other criteria were given precedence over immediate price and cost when executing 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;

No other criteria were given precedence other than immediate price and cost when executing orders for both retail and professional 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 Delegated Regulation (EU) 2017/575 [RTS 27];

All brokers used by Cornelian are kept under continual review. New brokers can be added if they demonstrate an ability to access relevant liquidity subject to satisfying Cornelian's broker review requirements.

Effective 3 January 2018, Cornelian systematically monitors all our trading activity in order to evidence best execution. This is achieved by submitting a daily trade file of all competitively traded instruments (equities, exchange traded products and bonds) to LiquidMetrix, an independent transaction cost analysis (TCA) specialist that compares the actual price achieved in each order against a benchmark price at the time of the order.

At the end of each calendar quarter, Cornelian's Investment Risk Committee (IRC) reviews a summary "TCA Report" from LiquidMetrix that highlights a range of trading performance statistics. This report also highlights the best and the worst orders relative to the benchmark price. Those orders where the execution price is materially worse than the benchmark price require a written explanation to be provided to the IRC for review.

As part of Cornelian's commitment to Best Execution, the effectiveness of Cornelian's Order Execution Policy is reviewed at least once every year.

(h) where applicable, an explanation of how the investment firm has used output of a consolidated tape provider;

This is not applicable, as there are currently no CTPs (Consolidated Tape Providers) in Europe.

Hector Kilpatrick
Chief Investment Officer
30 April 2018