

Colchester Regulatory Reporting

2017

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MiFID II Regulatory Technical Standards 28 – 'Top 5 Report'

Review period: 01 January 2017 to 31 December 2017

Class of Instrument	Debt Instruments - Bonds				
Notification if < 1 average trade per business day in the previous year	N				
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a % of total in that class	Proportion of orders executed as % of total in that class	% of passive orders	% of aggressive orders	% of directed orders
HSBC Bank Plc Type: Counterparty LEI: MP6I5ZYZBEU3UXPYFY54	13.26%	12.89%	N/A	N/A	0%
Barclays Bank Plc Type: Counterparty LEI: G5GSEF7VJP5I7OUK5573	7.61%	5.28%	N/A	N/A	0%
Deutsche Bank AG Type: Counterparty LEI: 7LTWFZYICNSX8D621K86	6.71%	6.00%	N/A	N/A	0%
BNP Paribas Type: Counterparty LEI: ROMUWSFPU8MPRO8K5P83	6.30%	3.78%	N/A	N/A	0%
J.P. Morgan Securities PLC Type: Counterparty LEI: K6Q0W1PS1L1O4IQL9C32	6.16%	6.78%	N/A	N/A	0%

Class of Instrument	Currency derivatives – Swaps and Forwards				
Notification if < 1 average trade per business day in the previous year	N				
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a % of total in that class	Proportion of orders executed as % of total in that class	% of passive orders	% of aggressive orders	% of directed orders
The Northern Trust Company Type: Counterparty LEI: 6PTKHDJ8HDUF78PFWH30	37.69%	39.77%	N/A	N/A	24.47%
Citibank N.A. Type: Counterparty LEI: E57ODZWZ7FF32TWEFA76	25.11%	11.77%	N/A	N/A	8.71%
J.P. Morgan Securities PLC Type: Counterparty LEI: K6Q0W1PS1L1O4IQL9C32	12.01%	12.29%	N/A	N/A	8.90%
State Street Bank and Trust Company Type: Counterparty LEI: 571474TGEMMWANRLN572	7.05%	9.58%	N/A	N/A	100.00%
JPMorganChase Bank N.A. Type: Counterparty LEI: 7H6GLXDRUGQFU57RNE97	6.22%	10.00%	N/A	N/A	17.18%

Class of Instrument	Interest Rate Derivatives – Swaps				
Notification if < 1 average trade per business day in the previous year	Y				
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a % of total in that class	Proportion of orders executed as % of total in that class	% of passive orders	% of aggressive orders	% of directed orders
J.P.Morgan Chase Bank NA Type: Counterparty LEI: 7H6GLXDRUGQFU57RNE97	99.16%	87.50%	N/A	N/A	0%
J.P. Morgan Securities PLC Type: Counterparty LEI: K6Q0W1PS1L1O4IQL9C32	0.84%	12.50%	N/A	N/A	0%

Class of Instrument	Interest rate derivatives - Futures				
Notification if < 1 average trade per business day in the previous year	Y				
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a % of total in that class	Proportion of orders executed as % of total in that class	% of passive orders	% of aggressive orders	% of directed orders
Barclays Bank Plc Type: Counterparty LEI: G5GSEF7VJP5I7OUK5573	98.82%	56.82%	0%	100%	0%
Citigroup Global Markets Plc Type: Counterparty LEI: XKZZ2JZF41MRHTR1V493	1.18%	43.18%	0%	100%	0%

Class of Instrument	Securities financing transactions – Repurchase agreements (Repo & reverse repo)	
Notification if < 1 average trade per business day in the previous year	Y	
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
J.P. Morgan Securities LLC Type: Counterparty LEI: ZBUT11V806EZRVTWT807	75.88%	59.30%
J.P. Morgan Securities PLC Type: Counterparty LEI: K6Q0W1PS1L1O4IQL9C32	24.12%	40.70%

Explanatory notes

All of Colchester's clients are classified as 'Professional Clients' (under FCA and equivalent definitions) thereby the top 5 report relates to this type of client only.

In line with the ESMA Q&As, the top 5 entities have been provided at individual firm level and not aggregated or consolidated at the group level. For example, JP Morgan Chase Bank NA and JP Morgan Securities Plc (individual firm level) as opposed to JP Morgan (group level). Please note, if Colchester compiled a report at group level, the results of the top 5 brokers may vary.

With the exception of futures trading, Colchester is of the view that the passive and aggressive distinction is only relevant where the trading venue in question maintains the type of order book that enables members of the trading venue to trade both passively and aggressively.

With the exception of futures trading where orders are placed or transmitted for execution on an exchange, all other financial instruments are traded directly with trading venues, Multilateral Trading Facilities (MTF), Systematic Internaliser (SI) etc.

MiFID II Regulatory Technical Standards 28 – 'Qualitative Report'

(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;

Prior to Colchester Global Investors executing a transaction for a client account, multiple bids or offers from approved counterparties will typically be solicited. Colchester evaluates the following factors at the time of execution (ranked in order of relative importance):

Execution factors	Relative Importance
Price	1
Size, time and nature of the order	2
Market conditions	3
Financial instrument liquidity	4
Quality, likelihood and speed of execution and settlement of the order	5

Price is typically the most important factor considered when executing a trade, but there will be situations when it is not, such as when:

- * executing a large order, as being able to transact the whole order at a less favourable price may be more important than executing part of the order at a better price;
- * the likelihood of execution and provision of liquidity may be more important than price;
- * raising cash to fund redemptions, as speed may take priority over price;
- * the volatility of price may make speed a greater priority; or
- * the choice of execution venue may be limited for certain instruments.

Investment decisions are implemented as soon as reasonably practicable (subject to the execution factors listed above).

Should Colchester determine that an order is large relative to the relevant market, that order may be executed over a longer period of time in consultation with the investment management team. Similarly, orders that are large relative to market trading size may be executed with a single counterparty and/or over a longer period of time if the dealing team determines that a better result may be obtained. Colchester does not use stop loss orders as part of its trading methodology.

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

Foreign exchange orders are executed on behalf of Colchester's commingled funds with an affiliate of the Depository of its Irish UCITS and with the Custodial Trustee of its US funds. Such dealings with this execution venue are undertaken in accordance with Colchester's Best Execution Policy.

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

None

(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;

Factors of price and the nature of the order have led to several new execution venues being added to Colchester's approved broker list during 2017. These changes provided further depth of coverage in new and existing markets in order to obtain more competitive pricing for our clients.

(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;

All clients are classified as Professional Clients as defined by the Financial Conduct Authority (FCA). Therefore, our order execution procedures do not differ across our client base.

(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;

Not applicable. We do not trade for Retail Clients as defined by the FCA.

(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;

Colchester monitors quality of execution in a number of ways:

Colchester's Dealing team review individual trades on execution to ensure rates obtained are in line or close to prevailing market rates in the circumstances of the particular trade, and to ensure execution venue performance matches expectations and market convention;

Colchester's Counterparty Review Committee carries out quarterly and ad-hoc reviews of the execution quality of the execution venues used;

Compliance reviews of trade execution are undertaken. These are retrospective reviews of trades on a sample basis are carried out to provide independent assurance that execution and settlement in accordance with Colchester's established policies and standards.

From late 2017, Colchester has implemented an independent technology solution called BestX[®] FX Best Execution Analytics ("BestX[®]") to assist with its detailed monitoring of the quality of execution for the following foreign exchange ("FX") products: spot, forwards (deliverable and non-deliverable), swaps and FX futures.

The BestX[®] information is used to review the execution quality provided by Colchester's execution venues and modifications to the approved broker list are made accordingly.

Additionally, under MiFID II Art 27(3) and Commission Delegated Regulation (EU) 2017/575 ("RTS 27"), execution venues (including trading venues, systematic internalisers, market makers and other liquidity providers) are required to publish a large range of information on execution quality on a quarterly basis. The first reports under RTS 27 will cover the first quarter of 2018 and will be published by 30 June 2018. At such time, Colchester will perform further transaction cost analysis which will assist it with benchmarking the value of expected aggregate price improvements at any given execution venue. Such specific analysis should assist Colchester in determining whether or not more suitable execution venues may be appropriate for our client orders.

(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.

This is not applicable. Under MiFID II, consolidated tape providers are required to collect trade reports for financial instruments from trading venues and APAs and consolidate them into a continuous electronic live data stream, providing price and volume data for each instrument. Since the provisions on the non-equity tape of Article 65(2) of MiFID II will only apply from September 2019, we have not used the output of a consolidated tape provider at this time.