

# NCL Investments Limited

## Qualitative Report for Structured Finance Instruments

This report was produced by NCL Investments Limited (“NCL”, “we” or “our”) and provides a qualitative order execution assessment for Structured Finance Instruments (“Structured Products”), in the format described in Article 3(3) of Commission Delegated Regulation EU/2017/576, for the period 1 January 2018 to 31 December 2018.

### Execution venues

In 2018, NCL executed orders in Structured Products for Smith & Williamson Investment Services Limited (“SWIS”), a Smith & Williamson Group company, and other Professional clients.

Most orders in Structured Products were executed directly with the Product Provider or distributor, at prices and costs set by them. In some instances, orders may have been executed with other third parties, such as investment banks.

NCL has neither close links nor any common ownership with respect to any execution venue used for this instrument type.

We followed a documented procedure when approving brokers and counterparties and have completed all necessary compliance checks.

NCL has policies and procedures in place to monitor any payments, or minor non-monetary benefits, received from third parties to ensure that they are designed to enhance the quality of service to the client and do not impair our ability to act in accordance with the best interests of our clients. In 2018, NCL has not recorded any conflicts of interest with any venues used in this asset class.

### Execution factors

To achieve the best possible result, we have, on a consistent basis, taken into account a number of execution factors, including: price, costs associated with execution, speed of execution, likelihood of execution, the size and nature of the order, and quality of any related clearing and settlement facilities.

We have determined the relative importance of each of these factors and the manner in which each order was executed, based on the circumstances at the time of execution, such as:

- The type of financial instrument and nature of the order;
- The execution venues to which the order could have been directed.

When trading Structured Products, due to their bespoke nature, we assessed the fairness of the price offered on a case by case basis, assessing market data available to us, to ensure that our pricing decisions were always in our clients’ best interests.

### Client categorisation

NCL executed transactions on behalf of Professional clients only and as such, client categorisation did not have any impact with regards to order execution arrangements.

### Summary of analysis and conclusions

The Best Execution Working Group (“BEWG”) monitored adherence to the firm’s Order Execution Policy and the effectiveness of our order execution arrangements and procedures. Structured Products are generally products of a bespoke nature, designed by the Product Provider. To achieve the best possible prices for our clients, we therefore executed most orders in this instrument type directly with the Product Providers, via NCL. In some instances, where greater liquidity was available elsewhere, NCL executed with other distributors. Due to the lack of reliable public data on the price of these products, it was difficult to monitor the execution quality of these orders. We are nevertheless confident that we have achieved the best possible result for our clients on a consistent basis, having assessed the fairness of the price offered for each order at the time of execution.

Further information regarding the monitoring carried out on execution quality can be found in the SWIM and SWIS qualitative reports for Structured Finance Instruments.