

# Smith & Williamson Investment Services Limited

## Qualitative Report for Exchange Traded Products

This report was produced by Smith & Williamson Investment Services Limited (“SWIS”, “we” or “our”) and provides a qualitative order execution assessment for Exchange Traded Products (“ETPs”), 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

For UK listed ETPs, SWIS acted as Agent and transmitted all orders to NCL Investments Limited (“NCL”), a Smith & Williamson Group company, for execution. For non-UK listed ETPs, SWIS transmitted orders to external brokers for execution. SWIS has neither close links nor any common ownership with respect to any broker used for this instrument type, apart from NCL.

SWIS 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, SWIS has not recorded any conflicts of interest with any venues used in this asset class.

A list of venues on which SWIS placed a significant reliance is contained within its Order Execution Policy, dated April 2019.

To obtain a complete copy of our Order Execution Policy, please visit:

<http://smithandwilliamson.com/footer-pages/regulatory-information>

### Execution factors

To achieve the best possible result, SWIS has 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.

SWIS has 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.

In most cases, price and costs associated with execution (the “total consideration”) were the most important factors; however in markets where liquidity was low, likelihood of execution on some occasions took priority, while in markets where volatility was high, speed of execution was more important.

When assessing the best possible result in these circumstances, SWIS has taken account of any local execution charges, including commissions and taxes (for instruments traded outside the UK).

### Client categorisation

SWIS executed transactions on behalf of both Retail and Professional clients, however there was no differentiation in client treatment with regards to order execution arrangements.

### Summary of analysis and conclusions

During 2018, SWIS executed a large proportion of its ETP transactions through NCL. NCL is a member firm of the London Stock Exchange (“LSE”) and executing orders in UK listed ETPs in this way has meant they were subject to the Rules of the LSE.

The Best Execution Working Group (“BEWG”) monitored adherence to the firm’s Order Execution Policy and the effectiveness of its order execution arrangements and procedures. Transactions executed through NCL were analysed in the same way as all other trades carried out by SWIS and as such we do not believe there was any conflict of interest.

Execution quality of orders in this instrument type was reviewed on a monthly basis. BEWG have utilised the services of an independent provider of Transaction Cost Analysis (“TCA”) to assist with this monitoring. This TCA tool enabled us to compare the prices achieved by SWIS with market prices and other industry standard benchmarks, enabling an in-depth analysis of execution performance. All outliers from this analysis were reviewed by BEWG and any instances identified where SWIS did not achieve best execution for its clients were investigated, and in some instances appropriate compensation was paid.

Further information regarding the monitoring carried out on execution quality can be found in the SWIM and NCL qualitative reports for Exchange Traded Products.