

Seneca Investment Managers Limited ("SIML") - RTS 28 Report for the period ending 31 December 2017

We set out below a summary of the analysis and conclusions drawn from SIML's detailed monitoring of the quality of execution obtained on the execution venues where we executed client orders in the previous year. SIML carries out the service of portfolio management and places orders with other entities for execution. SIML does not execute client orders directly against an execution venue. References to 'venue' in this report refer to the broker with whom orders are placed for execution.

Requirement under Article 3(3)	Response
<i>(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</i>	<p>SIML continually strives to take all sufficient steps to obtain the best possible result for clients, giving consideration to all execution factors and taking into account: the circumstances of the client, the nature of the order, the characteristics of the financial instrument and any other relevant external factors, including the execution venues to which the order can be directed. The relative importance of each execution factor may vary for each trade.</p> <p>Price is often the main factor, along with likelihood of execution. Price means the gross price i.e. including charges levied by the execution venue.</p> <p>SIML seeks to minimise execution costs by negotiating commission costs but only to the extent that it does not impact the level of service provided. The cost of using an execution venue varies depending on the service being provided and the characteristics of the financial instrument.</p> <p>Speed depends on the particular circumstances of the client e.g. a requirement to fund redemptions, and the time at which the order is placed e.g. the number of trading hours remaining before the market close, but will typically be subordinate to price. Prioritising speed could be detrimental to price but occasionally may be necessary due to circumstances.</p> <p>Likelihood of execution is the main consideration along with price and is influenced by the size of the order being executed, choice of execution venue and external factors, such as the prevailing market environment.</p> <p>When placing orders for execution the choice of venue will largely depend on the characteristics of the financial instrument i.e. the type of financial instrument (e.g. equity or collective investment scheme) and how liquid the financial instrument is i.e. its tick size liquidity band. Collective Investment Schemes (CIS) can only be traded by one execution venue – the Manager of the CIS. The price achieved will usually be the net asset value (NAV).</p>

Requirement under Article 3(3)

Response

	<p>A dilution levy charge may also be applied, depending on the size of the order. Before instructing an order, SIML will try to obtain an understanding as to the probability of whether a charge will be levied. If this is the case, SIML will assess whether the order may be split into several smaller orders over a longer period. Consideration will be given to the client’s circumstances and the current market environment.</p> <p>Initial charges may also be applied. In determining whether it is in the interest of clients to pay an initial charge, SIML will review alternative means of exposure, the client’s circumstances and the likely holding period of the investment.</p> <p>SIML will always invest in the lowest fee-charging share class available.</p>
<p><i>(b) a description of any close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders;</i></p>	<p>SIML does not have any close links, conflicts of interests or common ownerships with respect to any execution venues used to execute orders.</p>
<p><i>(c) a description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received;</i></p>	<p>SIML does not have any arrangements with any execution venues regarding payments made or received, discounts or rebates.</p> <p>From time to time, and in line with applicable regulatory requirements and the policies implemented by SIML, we may receive acceptable ‘minor non-monetary benefits’ of a reasonable nature and scale which will not impair our ability to act in the best interests of clients and that we consider enhance the quality of the service we provide. Examples of minor non-monetary benefits are: generic information such as short-term market commentary on the latest economic statistics or company results or information produced on an ongoing basis by a third party and paid for by a corporate issuer.</p>
<p><i>(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</i></p>	<p>Changes to the list of execution venues would generally only be made if there were material changes to our investment policy or the nature of our business or if our regular best execution monitoring revealed an inability to trade effectively and provide best execution for our clients. During 2017 Brewin Dolphin withdrew their execution only service and we ceased to place orders with them for execution in June.</p>
<p><i>(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;</i></p>	<p>SIML only currently only executes orders for professional clients</p>

Requirement under Article 3(3)	Response
<p><i>(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;</i></p>	<p>SIML does not execute orders for retail clients</p>
<p><i>(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];</i></p>	<p>All brokers that SIML uses to place client orders for execution must agree to provide best execution and provide a copy of their best execution policy before we will add them to our approved broker list. SIML monitors the quality of execution regularly to ensure this is being achieved. Consistently failing to provide best execution may result in a broker being removed. For the year ended 31/12/2017, the quality of execution obtained from the execution venues used to place client orders for execution was monitored by comparing data obtained on the execution factors for each trade executed against performance criteria set by SIML. The fund managers also assess the quality of execution provided by the broker on receipt of confirmation of each trade.</p> <p>From 2018 SIML will have access to the data published by brokers on a quarterly basis to indicate how well they have performed in achieving best execution in relation to price against others in the market. This information will be used in conjunction with the other data currently available to us to consider whether the brokers used have provided the best possible results for clients or whether any changes need to be made.</p> <p>SIML will continue to monitor the effectiveness of its Order Execution Policy and arrangements at least annually (and whenever any material changes are proposed) to identify, and where appropriate, correct any deficiencies.</p>
<p><i>(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.</i></p>	<p>Not applicable, as these were not available in 2017.</p>