

Annual qualitative disclosure on the quality of execution obtained

For the year ended 31 December 2018

This disclosure is being made pursuant to Article 3(3) of RTS 28 and/or Article 65(6) of the MiFID II Delegated Organisational Regulation, which require firms to disclose, for each class of financial instruments traded for clients during the period, a summary of the analysis and conclusions drawn from the execution quality monitoring that the Firm has undertaken.

This disclosure covers the following classes of financial instruments that were traded during the period. As an investment manager focussed on long-only and long-short investment mandates, the primary instruments traded were equities and CFDs.

The following classes of financial instruments were traded during the year ended 31 December 2018:

- Shares (incl. depositary receipts) - Tick size liquidity band 1 and 2 (from 0 to 79 trades per day);
- Contracts for difference (CFDs) - Tick size liquidity band 1 and 2 (from 0 to 79 trades per day);
- Debt instruments – Trading volumes of less than one trade per day;
- Interest rate derivatives - Trading volumes of less than one trade per day;
- Equity derivatives:
 - Options and futures admitted to trading on a trading venue – Trading volumes of less than one trade per day; and
 - Swaps and other equity derivatives - Trading volumes of less than one trade per day.

Clearance Capital Limited

26 Throgmorton Street, London, EC2N 2AN

Tel: +44 (0) 203 002 7685 | Fax: +44 (0) 203 292 1598

Directors: Wessel Hamman, Simon Bryant, Charl Cloete and Jacques van der Merwe

Registered in England, Registered number 6760235

Authorised and regulated by the Financial Conduct Authority

Annual qualitative disclosure on the quality of execution obtained

For the year ended 31 December 2018

The table below covers Clearance Capital Limited’s analysis for each of the relevant class of financial instruments:

RTS 28 / Art. 65(6) requirement:	Details:
(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;	<p>The initial priority is to assess which brokers are capable of executing the order on the required terms.</p> <p>Following this, and assuming a range of execution options exist, the highest priority factor is to obtain the best result for the client in terms of the total consideration for the trade, defined as the total price obtained minus any costs or fees. This will either be the highest total price or the lowest total price (net of costs and fees) depending on the direction of the trade. In most situations this will be determined predominantly by the price achieved, although where the price offered by two or more brokers are identical or within a narrow range, or cannot be reliably determined in advance, then the one with the lowest overall cost of execution will be chosen. This analysis will include the implicit costs of the trade, such as slippage and market impact.</p>
(b) a description of any close links, conflicts of interests, and common ownerships with respect to any execution venues/brokers used to execute orders;	The Firm does not have any close links, common ownership of other relationships that would give rise to any conflicts of interests with any of the execution venues or brokers used.
(c) a description of any specific arrangements with any execution venues/brokers regarding payments made or received, discounts, rebates or non-monetary benefits received;	The Firm has no specific arrangements to report with any execution venues or brokers 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/brokers listed in the firm’s execution policy, if such a change occurred;	During the period, the Firm added a number of executing brokers to its approved list as it sought to gain improved access to certain markets.

Annual qualitative disclosure on the quality of execution obtained

For the year ended 31 December 2018

<p>(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;</p>	<p>This is not applicable as the Firm only deals with professional clients.</p>
<p>(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;</p>	<p>This is not applicable as the Firm does not deal with retail clients.</p>
<p>(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;</p>	<p>The Firm uses price feed data to establish market prices and intra-day ranges to perform its execution quality analysis.</p>
<p>(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.</p>	<p>The Firm has not used the output of any consolidated tape providers in its execution quality analysis.</p>
<p>Disclosures around the use of Direct Electronic Access ("DEA") providers.</p>	<p>The Firm did not use DEA providers during the period.</p>
<p>Summary of Analysis</p>	<p>The ongoing monitoring of execution quality and 'first line' controls are undertaken by our individual traders and portfolio managers with independent scrutiny carried out by our compliance and operations staff as the 'second line of defence'. The first and second lines of defence are therefore primarily responsible for ex ante and ex post monitoring of best execution on an ongoing basis, with oversight of this monitoring undertaken by the Management Committee.</p>
<p>Summary of Conclusions</p>	<p>The Firm is comfortable that its execution policy was adhered to over the period, and that following this policy has delivered best execution for its clients over the period. This</p>

Annual qualitative disclosure on the quality of execution obtained

For the year ended 31 December 2018

	analysis will feed into the Firm's annual review of its execution policy at which time further enhancements will be considered.
--	---

Annual quantitative 'top 5 brokers' disclosure

For the year ended 31 December 2018

This disclosure is being made pursuant to Article 65(6) of the MiFID II Delegated Organisational Regulation, which require firms to disclose, for each class of financial instruments traded on behalf of clients during the period, the top 5 brokers that were used.

Class of instrument	Equities – Shares and depositary receipts Tick size liquidity band 1 and 2 (from 0 to 79 trades per day)	
Notification if <1 average trade per business day in the previous year	No	
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
Kempen & Co N.V. 20302V7616D3HTVSXO60	15.7%	15.6%
ABG Sundal Collier ASA 2138005DRCU66B8BNY04	12.4%	10.0%
Carnegie Investment Bank AB 529900BR5NZNQZEVQ417	8.6%	6.8%
Joh. Berenberg, Gossler & Co. KG 529900UC2OD7II24Z667	7.2%	7.1%
Winterflood Securities Limited 8BRUP6V1DX3PIG2R0745	6.2%	6.1%

Annual quantitative 'top 5 brokers' disclosure

For the year ended 31 December 2018

Class of instrument	CFDs Tick size liquidity band 1 and 2 (from 0 to 79 trades per day)	
Notification if <1 average trade per business day in the previous year	No	
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
Goldman Sachs International	52.1%	46.0%
W22LROWP2IHZNBB6K528		
Deutsche Bank A.G.	40.4%	34.7%
7LTFWZYICNSX8D621K86		
BNP Paribas Prime Brokerage, Inc.	7.5%	19.3%
7VHWWWW4UJS7NUM3PT30		

The Firm traded less than one trade per business day in each of the other classes of instruments on average. As such, no further quantitative disclosure is required in respect of these instruments.