



SANDERSON

ASSET MANAGEMENT

ANNUAL BEST EXECUTION SUMMARY FOR THE PERIOD ENDING 31 DECEMBER 2020

Introduction

In accordance with COBS 11 of the FCA's Handbook of Rules & Guidance, Sanderson Asset Management LLP ("Sanderson") is required to provide annual reporting summarising the analysis and conclusions drawn from its detailed monitoring of the quality of execution obtained on the execution venues where it has executed all Client orders during the specified period.

Best Execution Qualitative Summary

Under the reporting requirements commonly referred to as "RTS 28", Sanderson is required to provide:

- (i) **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;**

In accordance with Sanderson's Order Execution Policy, the relative importance of any of the above-mentioned execution factors will be judged on an order-by-order basis, in line with Sanderson's commercial experience and with reference to certain execution criteria. The criteria considered may include market conditions, the characteristics of the order and the financial instrument to which the order relates, and the execution venues to which Sanderson can direct the order.

Other factors, such as costs, remaining equal, price is typically the most important execution factor for Sanderson. However, in some circumstances and for some orders, financial instruments or markets, other execution factors may become more significant to obtaining the best possible execution result for its Clients. For example, for transactions in less liquid securities, likelihood of execution and market impact increase in importance.

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

Sanderson does not have any such close links, conflicts of interest and common ownerships with respect to any execution venues that it uses to execute Client orders.

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

Sanderson does not have any such arrangements in place.

- (iv) **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.**

There have two such changes in the relevant period. One change related to an existing venue being subject to acquisition. The other change was the addition of a new broker to provide further depth of coverage for European trades.

In accordance with its Order Execution Policy, Sanderson maintains relationships with a number of brokers to execute Client security transactions (each an "Approved Broker"). Sanderson's Approved Brokers are subject to an ongoing monitoring process which covers a number of different factors. These factors are enumerated in full in

Sanderson's Order Execution Policy, but include considerations relating to commission rates, capacity and coverage, integrity, financial responsibility and specialist knowledge.

Sanderson may, in its sole discretion, terminate the relationship with an Approved Broker at any time. Sanderson's Order Execution Policy describes the circumstances in which this might occur.

(v) 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;

Sanderson has determined that each of its privately offered commingled funds and separate account investors are clients of the firm ("**Clients**"). Sanderson has classified each of its Clients as a Professional Client for the purposes of the regulatory rules to which it is subject. As such, all Clients are treated the same under Sanderson's Order Execution Policy.

(vi) 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;

As above, Sanderson does not execute orders for any retail Clients.

(vii) An explanation of how the investment firm has used any data or tools relating to the quality of execution, including any data published under Commission Delegated Regulation (EU) 2017/575;

Sanderson uses the following tools and data to monitor the quality of execution:

- Intra-day/intra-trade monitoring. Sanderson's traders can use Sanderson's Order Management System to monitor live trades at the individual fill level, including the price and the trading venue used. They are able to compare the information provided to them by the broker with information obtained from other live sources e.g. Bloomberg.
- Post-trade monitoring. Sanderson's Approved Brokers typically provide a short write up for live trades at the end of each trading day, with a more detailed analysis at the end of the ticket. Sanderson also creates its own detailed TCA summary documents.
- Approved broker performance monitoring. Using the monitoring elements described above, Sanderson monitors the firm's Approved Brokers and the execution services they provide on an ongoing basis and across different trades, to ensure that their performance is consistent with the duty of best execution. Sanderson also has access to the quarterly best execution data that its Approved Brokers are required to publish in accordance with their own regulatory obligations.
- Third party transaction cost analysis ("TCA"). Sanderson spent some time considering the merits of third party TCA and how to make it a useful part of Sanderson's procedures for achieving best execution. Sanderson has engaged a leading TCA provider and uses tailored reports from this provider to support its own TCA analysis.

(viii) 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.

Sanderson does not subscribe to a consolidated tape provider.

Best Execution Quantitative Summary

A separate link is provided on the website (www.sandersonam.com) for Sanderson's quantitative best execution summary.