



## **ADG Capital Management LLP – Best Execution Qualitative Disclosures**

To fulfil our obligations under the Markets in Financial Instruments Directive 2014/65/EU (“MiFID II”), ADG Capital Management LLP (“ADGCM”) is required provide the following summary of the analysis and conclusions from our monitoring of the quality of execution obtained on Professional Client orders in the previous year (1<sup>st</sup> January to 31<sup>st</sup> December 2018) in accordance with the Regulatory Technical Standards 28 supplementing MiFID II.

**A summary of the analysis and conclusions ADGCM draws from its detailed monitoring of the quality of execution obtained on the execution venues where it executed all client orders in the previous year.**

ADGCM’s Strategy provides portfolio weightings each business morning to be achieved by the close of business that day. This allows ADGCM to execute orders gradually throughout the day. This approach is considered to be to the client’s benefit in most circumstances, as execution speed is relegated as an execution factor and price is prioritised by trading in periods where markets in each relevant instrument are generally more liquid. The effects of execution costs are also treated as a key factor in obtaining Best Execution for ADGCM’s clients across all instrument classes traded.

However, for the avoidance of doubt, where clients provide specific execution instructions to ADGCM these are followed, taking into account that ADGCM only services professional clients, and is not permitted to provide services to retail clients. The fact that ADGCM’s clients have an understanding of ADGCM’s investment strategy and the products traded is factored in this determination. Given that ADGCM manages assets on an exclusively discretionary basis, client instructions regarding trade execution typically relate to the executing brokers engaged on each account managed.

### **Currency Derivatives**

Speed is not a key driving execution factor because the Strategy provides portfolio weightings at the beginning of each working day to be achieved by the close of business. Typically, as discussed above, ADGCM seeks to execute transactions in Currency Derivatives at times of expected improved market liquidity. In this way ADGCM seeks to obtain the best price for its clients. Decisions as to which broker to execute with are largely based on execution costs where this determination is left to ADGCM’s discretion.

Where it is thought that a better result will be achieved for the client, required weightings in Currency Derivatives are split into smaller sizes prior to execution, thus minimising any potential market disruption and payments on bid/ask spreads.

Again, while ADGCM may provide recommendations the choice of executing brokers for each account managed is at the client’s complete discretion. Where the client allows ADGCM only to transact with specific brokers, ADGCM will still seek to obtain the best result for the client but will always follow client orders over the provision of its Best Execution policy.

#### ***(a) Fx Forwards***



As part of ADGCM's analysis of best execution in relation to currency derivatives, price reviews were undertaken using the RFQ mechanism. As such, ADGCM obtains competing quotes from counterparties and can make a clearly justifiable decision as to who to execute transactions with on price competitiveness grounds. The monitoring completed confirmed that best execution was obtained consistently throughout the year. Where ADGCM has complete discretion, ADGCM executes FX Forwards transactions with a broad range of brokers; executing with whichever offers the best price on each occasion.

#### *(b) Fx Futures*

ADGCM considers various execution factors, including: price, execution speed, likelihood of execution, cost and other factors such as user familiarity with trading systems in making trade execution decisions. Best price is sought by trading in times of peak liquidity. Further, given ADGCM's business model, ADGCM is able to execute orders gradually throughout the day, which is thought to be to the client's benefit in terms of price in most cases. Where the bid/ask spread in Fx Futures begins to move away from ADGCM's clients' interests ADGCM can also exercise its discretion to act as a price taker.

ADGCM has chosen Morgan Stanley & Co. International PLC ("Morgan Stanley") as its primary executing broker for its Fx Futures trading.

#### Interest Rates Derivatives

ADGCM considers various factors, including pricing, speed of execution, likelihood of execution, the financial instruments involved and the nature of the markets and any specific client instructions in its Interest Rates Derivatives trading.

ADGCM has chosen Morgan Stanley as its primary executing broker for Interest Rates Derivatives trading. Morgan Stanley have been selected based on the listed factors and its efficient and intuitive execution algorithms.

The ADG Systematic Macro UCITS Fund executes Interest Rate Derivatives contracts with Goldman Sachs International ("Goldman Sachs"), due to beneficial pricing given the particular terms offered to the UCITS fund, for which Goldman Sachs is the Prime Broker. All accounts managed by ADGCM can execute Interest Rates Derivatives transactions with Goldman Sachs where this is deemed to be to the client's benefit.

Both Morgan Stanley and Goldman Sachs suggest the trading algorithms used by ADGCM when executing Interest Rates Derivatives trades. These are thought by ADGCM to combine competitive pricing with low fees and high execution speeds.

#### Equity Derivatives

ADGCM considers various factors, prioritising price but also including: speed of execution, likelihood of execution, the financial instruments involved and the nature of the markets and any specific client instructions in its Equity Derivatives trading.

For these reasons, ADGCM has chosen Morgan Stanley as its primary executing broker for its Equity Derivatives trading. Morgan Stanley have been selected based on competitive pricing and the previously stated efficiency of its execution algorithms.



The ADG Systematic Macro UCITS Fund executes Equity Derivatives contracts with Goldman Sachs, due to beneficial pricing given the particular terms offered to the UCITS fund for which Goldman Sachs is the Prime Broker. All accounts managed by ADGCM can execute Equity Derivatives transactions with Goldman Sachs where this is deemed to be to the client's benefit.

Both Morgan Stanley and Goldman Sachs suggest the trading algorithms used by ADGCM when executing Equity Derivatives trades. Again, these are thought by ADGCM to combine competitive pricing with low fees and high execution speeds.

#### Debt Instruments

ADGCM can execute relevant Debt Instruments trades with Goldman Sachs and Societe Generale International Limited ("SocGen"). In determining which broker to execute Debt Instruments trades with, ADGCM considers price, execution costs and other factors such as familiarity with the broker's trading systems to be key execution factors.

ADGCM has chosen Goldman Sachs as its primary executing broker for relevant Debt Instruments. Goldman Sachs are considered to fulfil the key execution factors discussed above, as well as providing near-guaranteed likelihood of execution.

#### **An explanation of the relative importance ADGCM 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.**

ADGCM's delivery of best execution is a key element in its commitment to act in the best interests of its clients, in addition to being a regulatory requirement. ADGCM ensures that all sufficient steps are taken to obtain the best possible result for its clients when it executes, places or transmits orders on their behalf. This means taking into account the 'execution factors' listed in COBS 11.2A.2 R, including: price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the order.

The relative importance of the execution factors is judged on an order-by-order basis in line with ADGCM's industry experience and prevailing market conditions though, as discussed above, pricing and execution costs are usually the primary factors as opposed to execution speed. Given that the instruments traded by ADGCM are all highly liquid, size, nature and likelihood of execution are also not usually key execution factors.

However, where a specific instruction is received from a client regarding their choice of executing brokers it is followed, taking into account that ADGCM only retains professional clients in its clientele and exclusively manages assets exclusively on a discretionary basis.

#### **A description of any close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders.**

ADGCM does not have any close links, conflicts of interests or common ownerships with respect to the execution venues it uses to execute orders.

#### **A description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received.**



ADGCM has not entered into any arrangements with its execution venues regarding payments made or received, discounts or non-monetary benefits that would compromise its ability to meet its obligations in regards to best execution, conflicts of interest or inducements.

**An explanation of the factors that led to a change in the list of execution venues listed in ADGCM's execution policy, if such a change occurred.**

During the period under review, ADGCM's list of execution venues changed. ADGCM regularly reviews the effectiveness of its Best Execution policy and its execution arrangements to identify and, where appropriate, incorporate any changes to enhance the quality of execution obtained. Changes to the execution venues utilised were based primarily on client instruction regarding executing brokers, price, access to the market, counterparty risk and market liquidity determinations.

**An explanation of how order execution differs according to client categorisation, where ADGCM treats categories of clients differently and where it may affect the order execution arrangements.**

ADGCM's clients are exclusively professional clients and so are treated with a consistent approach.

**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.**

Not applicable. ADGCM does not execute retail client orders.

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

ADGCM compares its executing brokers in order to achieve best execution for its clients.

ADGCM analyses and makes comparisons between prices provided by and execution costs for brokers with which it executes Currency, Equity and Interest Rates Derivatives and Debt Instruments transactions. These are used to inform decisions as to which broker to execute relevant trades with and can be communicated to brokers in an attempt to improve execution costs.

ADGCM does not execute transactions directly on exchange or with Systematic Internalisers. As such, it has not considered any data published under Commission Delegated Regulation (EU) 2017/575, as its counterparties are not obligated to publish execution data under this provision.

**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.**

This is not currently applicable as the services of a Consolidated Tape Provider were not available during the period to which this disclosure relates.



**ADG Capital Management LLP – Best Execution Quantitative Disclosure**

Class of Instrument	Debt instruments		
Notification if <1 average trade per business day in the previous year	<b>No</b>		
Top 5 Venues ranked in terms of volume (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	Percentage of directed orders
Goldman Sachs International (W22LROWP2IHZNBB6K528)	100%	100%	0%

Class of Instrument	Interest Rate Derivatives		
Notification if <1 average trade per business day in the previous year	<b>No</b>		
Top 5 Venues ranked in terms of volume (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	Percentage of directed orders
Morgan Stanley & Co. International PLC (4PQUHN3JPFGFNF3BB653)	46%	60%	0%
Citibank, National Association (E57ODZWZ7FF32TWEFA76)	43%	33%	100%
Goldman Sachs International (W22LROWP2IHZNBB6K528)	12%	7%	0%



Class of Instrument	Currency Derivatives		
Notification if <1 average trade per business day in the previous year	<b>No</b>		
Top 5 Venues ranked in terms of volume (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	Percentage of directed orders
Citibank, National Association (E57ODZWZ7FF32TWEFA76)	44%	9%	100%
The Royal Bank of Scotland Plc (549300WHU4EIHRP28H10)	18%	13%	0%
Skandinaviska Enskilda Banken AB (F3JS33DEI6XQ4ZBPTN86)	9%	7%	0%
Australia and New Zealand Banking Group Limited ( JHE42UYNWWTJB8YTTU19)	8%	7%	0%
Barclays Bank PLC (G5GSEF7VJP5I7OUK5573)	5%	4%	0%



Class of Instrument	Equity Derivatives		
Notification if <1 average trade per business day in the previous year	<b>No</b>		
Top 5 Venues ranked in terms of volume (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	Percentage of directed orders
Citibank, National Association (E570DZWZ7FF32TWEFA76)	46%	41%	100%
Morgan Stanley & Co. International PLC (4PQUHN3JPFGFNF3BB653)	41%	50%	0%
Goldman Sachs International (W22LROWP2IHZNBB6K528)	13%	9%	0%

This quantitative disclosure report is completed for the period between 1<sup>st</sup> January to 31<sup>st</sup> December 2018.



**ADG Capital Management LLP - Currency Derivatives Execution Disclosure 2019**

<b>Class of Instrument</b>	<b>Currency Derivatives</b>		
Notification if <1 average trade per business day in the previous year	No		
<b>Top 5 Venues ranked in terms of volume (descending order)</b>	<b>Proportion of volume traded as a percentage of total in that class</b>	<b>Proportion of orders executed as percentage of total in that class</b>	<b>Percentage of directed orders</b>
Citibank, National Association (E57ODZWZ7FF32TWEFA76)	44%	9%	100%
The Royal Bank of Scotland Plc (549300WHU4EIHRP28H10)	18%	13%	0%
Skandinaviska Enskilda Banken AB (F3JS33DEI6XQ4ZBPTN86)	9%	7%	0%
Australia and New Zealand Banking Group Limited (JHE42UYNWWTJB8YTTU19)	8%	7%	0%
Barclays Bank PLC (G5GSEF7VJP5I7OUK5573)	5%	4%	0%



**ADG Capital Management LLP – Debt Instruments Execution Disclosure 2019**

<b>Class of Instrument</b>	<b>Debt instruments</b>		
Notification if <1 average trade per business day in the previous year	No		
<b>Top 5 Venues ranked in terms of volume (descending order)</b>	<b>Proportion of volume traded as a percentage of total in that class</b>	<b>Proportion of orders executed as percentage of total in that class</b>	<b>Percentage of directed orders</b>
Goldman Sachs International (W22LROWP2IHZNBB6K528)	100.00%	100.00%	0.00%



**ADG Capital Management LLP – Equity Derivatives Execution Disclosure 2019**

<b>Class of Instrument</b>	<b>Equity Derivatives</b>		
Notification if <1 average trade per business day in the previous year	No		
<b>Top 5 Venues ranked in terms of volume (descending order)</b>	<b>Proportion of volume traded as a percentage of total in that class</b>	<b>Proportion of orders executed as percentage of total in that class</b>	<b>Percentage of directed orders</b>
Citibank, National Association (E57ODZWZ7FF32TWEFA76)	46%	41%	100%
Morgan Stanley & Co. International PLC (4PQUHN3JPF GFNF3BB653)	41%	50%	0%
Goldman Sachs International (W22LROWP2IHZNBB6K528)	13%	9%	0%



**ADG Capital Management LLP – Interest Rate Derivatives Execution Disclosure 2019**

<b>Class of Instrument</b>	<b>Interest Rate Derivatives</b>		
Notification if <1 average trade per business day in the previous year	No		
<b>Top 5 Venues ranked in terms of volume (descending order)</b>	<b>Proportion of volume traded as a percentage of total in that class</b>	<b>Proportion of orders executed as percentage of total in that class</b>	<b>Percentage of directed orders</b>
Morgan Stanley & Co. International PLC (4PQUHN3JPF GFNF3BB653)	46%	60%	0%
Citibank, National Association (E57ODZWZ7FF32TWEFA76)	43%	33%	100%
Goldman Sachs International (W22LROWP2IHZNBB6K528)	12%	7%	0%