

McCarthy Taylor Limited Best Execution Report
01/01/2017 – 31/12/2017

Entities used for transmission of orders

Where we send investment applications or orders on your behalf to third parties (for example, to buy or sell investment holdings), we make every effort to ensure the best possible result for our clients. This is referred to as “best execution.”

In arranging for the execution of your order we place the order via a platform (an online investment administration service) to execute your order.

We are obliged to disclose on an annual basis the top five investment firms that we send our client orders to.

The tables below relate to the period 1st January to 31st December 2017:

Class of Investment	Equities – shares and depositary receipts	
Notification if less than 1 average trade per business day in the previous year	No – average trades more than 1 per day	
Top 5 venues ranked in terms of volume (descending order)	Proportion of volume transmitted, as a percentage of total in that class.	Proportion of volume transmitted, as a percentage of total in that class in.
	<i>This is based on the monetary value of client orders.</i>	<i>This is based on the number of client orders.</i>
Raymond James (LEI 213800YR9S9QWX3WF904)	78.34%	60.67%
Transact (LEI 213800ZSEM CXQOTV1O47)	20.35%	35.77%
Nucleus (LEI 213800YJ6ICL35SXO583)	1.30%	3.56%

For this type of investment we only sent orders to three firms

Class of Investment	Debt instruments (e.g. government bonds)	
Notification if less than 1 average trade per business day in the previous year	No – average trades more than 1 per day	
Top 5 venues ranked in terms of volume (descending order)	Proportion of volume transmitted, as a percentage of total in that class. <i>This is based on the monetary value of client orders.</i>	Proportion of volume transmitted, as a percentage of total in that class in. <i>This is based on the number of client orders.</i>
Raymond James (LEI 213800YR9S9QWX3WF904)	80.45%	63.96%
Transact (LEI 213800ZSEM CXQOTV1O47)	19.55%	36.04%

For this type of investment we only sent orders to two firms

Class of Investment	Exchange Traded Products (e.g. Exchange Traded Funds)	
Notification if less than 1 average trade per business day in the previous year	No – average trades more than 1 per day	
Top 5 venues ranked in terms of volume (descending order)	Proportion of volume transmitted, as a percentage of total in that class in. <i>This is based on the monetary value of client orders.</i>	Proportion of volume transmitted, as a percentage of total in that class in. <i>This is based on the number of client orders.</i>
Raymond James (LEI 213800YR9S9QWX3WF904)	76.32%	72.40%
Transact (LEI 213800ZSEM CXQOTV1O47)	23.51%	27.05%
Nucleus (LEI 213800YJ6ICL35SXO583)	0.16%	0.55%

For this type of investment we only sent orders to three firms

Class of Investment	Other Instruments (e.g. collective investments)	
Notification if less than 1 average trade per business day in the previous year	No – average trades more than 1 per day	
Top 5 venues ranked in terms of volume (descending order)	Proportion of volume transmitted, as a percentage of total in that class in. <i>This is based on the monetary value of client orders.</i>	Proportion of volume transmitted, as a percentage of total in that class in. <i>This is based on the number of client orders.</i>
Raymond James (LEI 213800YR9S9QWX3WF904)	58.42%	24.48%
Transact (LEI 213800ZSEM CXQOTV1O47)	35.78%	21.40%
Nucleus (LEI 213800YJ6ICL35SXO583)	5.80%	54.12%

For this type of investment we only sent orders to three firms

Issues identified

On 07/11/2016 we noticed that trades placed on the Raymond James (RJ) platform in iShares Corporate Bond Fund had started incurring global agent charges however we had received no notification of such a change. On further investigation it transpired that Blackrock (owner of iShares) had exchanged iShares, which settle via CREST, for international CREST Depository Interests which settle via Euroclear.

This effectively transferred the shares from a UK to an international settlement process, thus triggering an additional global agency charge for trades.

Following enquiries with other platforms we were informed that it was still possible to settle the trades via CREST, depending on the broker used. It appeared that RJ were the only platform where charges were increased in this way.

RJ's Best Execution policy relies heavily on price, hence their policy for dealing and settling through Euroclear, as the pricing may be more favourable than using CREST. We contacted RJ to discuss Best Execution, which should take account of total consideration and the best overall outcome for the client, and should not be based purely on the best price achieved. Given that liquidity for this ETF is high, the price differential between using Euroclear over CREST would be minimal and certainly would not offset the associated increase to trading costs.

The impact to our client portfolios was negligible as the issue was picked up immediately and any further trades in the stock were suspended.

This was an ongoing issue and on 20/01/2017 RJ informed us that future trades would be dealt manually through specific brokers to avoid the overseas costs whilst they sought to resolve the issue. We have since researched alternative options to Blackrock iShares Corporate Bond Fund and no longer invest in their iShares in this sector.

Monitoring and review

We operate in accordance with our best execution policy, which is reviewed at least annually. A copy of this policy is available upon request.

The third parties that we use also have responsibilities in relation to best execution and client order handling. We undertake periodic monitoring to make sure that they continue to meet our requirements.

Under the terms of our policy, we regularly research the third parties available to us to identify those that will enable us, on a consistent basis, to obtain the best possible result when arranging for the execution of your orders. This review is carried out at least annually or whenever a significant change occurs that we believe could affect our ability to continue to obtain the best possible results for our clients.

Best execution monitoring

We make every effort to ensure the best possible result for our clients, on the assumption that total consideration (not just price) is the most important outcome, unless instructed otherwise. The execution factors we take into account include:

- price
- cost
- speed
- likelihood of execution and settlement
- size
- nature of the order; and any other relevant consideration.

We undertake a quarterly monitoring process whereby 5% of transactions traded through a recognised investment exchange are reviewed, to ensure the platforms used are implementing best execution to our satisfaction and within the meaning of FCA and MiFID II regulations.

McCarthy Taylor Limited do not have any close links, conflicts of interests or common ownerships with respect to any of the firms that we pass client orders to.

There have been no changes to the platforms used during the period covered by this report.

April 2018