

Quality of Execution Annual Report

Firm: Goodhart Partners LLP (“Goodhart Partners” or “the Firm”)

Calendar Year Disclosure Period: 1st January 2020 to 31st December 2020

Report Date: 30th April 2021

Sub-classes of financial instruments included in this report	Sub-classes of financial instruments not included in this report
<ul style="list-style-type: none"> • <i>Equities – Shares and Depositary Receipts</i> 	<ul style="list-style-type: none"> • <i>Debt instruments</i> • <i>Interest rate derivatives</i> • <i>Credit derivatives</i> • <i>Currency derivatives</i> • <i>Structured finance instruments</i> • <i>Equity derivatives</i> • <i>Securitized derivatives</i> • <i>Commodity derivatives and emission allowances derivatives</i> • <i>Contracts for difference</i> • <i>Exchange traded products</i> • <i>Emission allowances</i> • <i>Other Instruments</i>

General

Goodhart Partners is authorised and regulated in the United Kingdom by the Financial Conduct Authority (“FCA”) as an Alternative Investment Fund Manager (“AIFM”) under the EU Alternative Investment Fund Managers Directive (“AIFMD”). The Firm manages a range of EU domiciled Alternative Investment Funds (“AIFs”). The Firm also has certain additional regulatory permissions under the recast Markets in Financial Instruments Directive and Regulation (together “MiFID II”), in order to carry out MiFID portfolio management activities on behalf of UCITS funds and third party managed accounts.

As part of the MiFID II best execution requirements, investment firms must publish, on an annual basis, reports summarising specific information on the quality of execution obtained for each financial instrument traded during the preceding year. MiFID II provides 22 sub-classes of financial instruments and investment firms are required to disclose their trading volumes with different counterparties expressed as a percentage of the firm’s total execution volume and a percentage of the number of executed orders, in that particular sub-class of financial instrument (the Top 5 broker report). In addition, investment firms must also provide a qualitative report summarising the conclusions drawn from its monitoring of the quality of execution.

This report provides qualitative information summarising the quality of indirect execution (placing orders with, or transmitting orders to, another entity for execution) undertaken by Goodhart Partners in 2020, in the sub-classes of instruments detailed below. This report should be read with the accompanying quantitative disclosure report (the Top 5 broker report), which summarises the top 5 execution brokers used during 2020 for the sub-class of financial instruments in question.

Goodhart Partners has prepared this annual execution disclosure report in accordance with the FCA rules, as detailed in the FCA’s Handbook (COBS 11.2A) and industry guidance. For the avoidance of doubt, Goodhart Partners execution disclosure reports only provide data on the Firm’s MiFID activities, in respect of indirect execution; they do not include any transaction activities where Goodhart Partners traded directly with its counterparties (e.g. on an OTC basis) or acted as AIFM for its EU AIFs. Therefore, the reports should not be considered as being a full representation of the Firm’s trading activities within the reporting period.

Sub-class of financial instrument	<ul style="list-style-type: none"> Equities – Shares and Depositary Receipt 	
Observations	<p>As a discretionary investment manager, Goodhart Partners will not invite or accept specific instructions from clients as to how an individual transaction should be effected. Goodhart Partners Order Execution Policy sets out the considerations, processes and procedures used by the Firm to comply with the regulatory obligation to achieve best execution when undertaking investment transactions for clients.</p> <p>Goodhart Partners acted in the best interests of all its clients and in accordance with the Firm's Order Execution Policy, when undertaking transactions during the period in the sub-classes of financial instruments detailed above. The Firm took all reasonable steps to obtain the best possible results, taking into account the execution factors discussed below, when placing or transmitting orders in these sub-classes of financial instruments.</p> <p>The Firm monitors the effectiveness of its order execution arrangements to identify and, where necessary, correct any deficiencies. There were no deficiencies identified during the reporting period. No single counterparty is favoured compared to others, unless it can be demonstrated that such a counterparty consistently provides a superior service, which would include, for example, providing better pricing than its competitors. Goodhart Partners will assess whether the brokers used provide the best possible result for clients or whether changes to the Firm's execution arrangements are required. There were no material changes to the Firm's execution arrangements during the reporting period. The Firm also periodically reviews the levels of commissions paid to each counterparty to ensure that commission rates remain appropriate.</p>	
	Summary of analysis	Conclusion
Execution factors	<p>When seeking to place/transmit an order on behalf clients, Goodhart Partners takes into account such factors as we consider relevant to the transaction in question. These may include:</p> <ol style="list-style-type: none"> 1. Price; 2. Speed, and the need for timely execution; 3. Likelihood of execution or settlement; 4. Liquidity of the market; 5. Size of the transaction; 6. Costs; 7. Nature of the transaction; including whether it is traded on a Regulated Market, Multilateral Trading Facility ("MTF") or OTC; and 8. Any other consideration we believe to be relevant. <p>The relative importance of the execution factors detailed above was determined by the following execution criteria:</p>	<p>During the period under review, Goodhart Partners overarching execution process was based on these execution factors and criteria, as detailed in the Firm's Order Execution Policy.</p> <p>When effecting transactions on behalf clients, Goodhart Partners will generally weight execution factors in an order of priority based on the client mandate and asset class in question, all of which may be subject to changes depending on the execution criteria at the time of the transaction.</p> <p>Ordinarily, price will merit a high relative importance in obtaining the best possible result. However, the Firm may, in its absolute discretion, decide that any other factor or factors are or may be more important than price in determining the best possible execution result.</p> <p>The relative importance given to these execution factors was in line with the Firm's order execution policy and consistent with the Firm's process in respect of these sub-classes of financial instruments.</p>

	<ul style="list-style-type: none"> • The characteristics of the Client; • The characteristics of the transaction; • The characteristics of the financial instruments that are the subject of the transaction; and • The characteristics of the Brokers or Execution Venues to which that transaction can be placed or transmitted. 	
Close links with respect to execution venues/brokers	The Firm has no close links with any execution venues/brokers to report.	
Conflicts of interest with respect to execution venues/brokers	The Firm has execution arrangements with brokers who also provide us with research and has policies and procedures in place to ensure only appropriate research materials are paid for by our clients. Some documents produced by brokers, which are not classified as research, can also assist our portfolio managers in making investment decisions. These items are either paid for directly by Goodhart Partners or may be classified as a minor non-monetary benefit and therefore may be received for free. Other minor non-monetary benefits may be received providing those benefits are capable of enhancing the quality of service to clients. These may include: the participation in training events on the benefits and features of a specific financial instrument or service, hospitality of a reasonable de minimis value and third party research during a trial period.	
Common ownership with respect to execution venues/brokers	The Firm has no common ownership to report.	
Specific arrangements with execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received	The Firm has no specific arrangements to report.	
Factors leading to a change in the list of execution venues/brokers listed in the order execution policy	There were no changes to the list of execution venues/brokers in the Firm's Order Execution Policy.	
Differentiation across client categories	There has been no differentiation across client categories during the reporting period. All of the Firm's clients are professional clients, the Firm is not authorised to conduct investment business with retail investors.	

Use of third party data / tools relating to quality of execution	The Firm has not used any third party data or tools relating to quality of execution.	
Use of consolidated tape provider output	The Firm has not used output from consolidated tape providers.	

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