

## **2019 BEST EXECUTION REPORT**

Altorfer do not execute orders ourselves but do place transactions with platforms, primarily Transact (owned by Integrafín) and AJ Bell, and providers for them to execute. The vast majority (over 90%) of these are in unit trusts and open ended investment companies (OEICs) where the only counter party is the fund manager themselves. We do not, therefore, have any control over who the transaction is placed with. We are aware that these instruments are normally daily priced, although some deal less frequently. It may be that the fund manager's daily cut off is earlier than the time that the platform places the trade, in which case the following day's price will be obtained. If the deal is placed with the platform after their daily cut off time, it is possible that it may not be executed for two working days. We take all sufficient steps to ensure the best possible results for our clients when placing or transmitting orders. Our experience of the execution policies of the companies we use does not frustrate our best practice requirements.

We have not selected any platform or fund manager based on discounts, rebates or any other financial or non-financial incentive for either the client or Altorfer. The Ongoing Charge Figure (OCF) of a fund forms part of our discussion but is not an over-riding concern when selecting funds. We also consider the past performance, manager tenure, strength of the investment house, independent ratings (Morningstar OBSR, Trustnet etc.), number of funds already held with that investment house and, most importantly, whether the fund will either complement those we already hold or provide a better alternative to one which no longer meets our criteria. We also do not differentiate between clients when making transactions, so there is no preferential treatment for those with larger portfolios. It is our standard practice when selling a holding that no longer meets our criteria, to process this as a bulk transaction for all discretionary clients. We will endeavour to stay within our clients' annual capital gains tax allowance, unless exceeding it has previously been agreed with them.

We also deal in shares, debt instruments and exchange traded products, although these form a far smaller element of our strategy and recently most transactions have been sales rather than purchases. In each case, the transaction has been placed with the platform where the client holds their portfolio or, if the client holds assets with more than one platform, the one with the highest level of available cash. Charges also form part of this decision making process as we are aware that AJ Bell apply discounts for bulk trades (two or more clients) and make use of these wherever possible. Transact will also split their dealing charge between all of the clients purchasing or selling the same reportable asset on the same day and we will again use this as much as possible.

The pattern of asset deals is much the same as last year, with no debt instruments and very few equities traded. The top five venues have remained the same, though Legal & General has dropped further down the list, reflecting the cessation of Investment Bond encashments following their announcement to transfer their With Profits business to Swiss Re, which we did not look favourably upon.

Altorfer has a small shareholding in Integrafín Holdings Plc, the owner of Transact, and receives annual dividends. However, our holding is less than 0.05% of the market cap of the company and the shareholding is not reliant on us continuing to use Transact as a platform. We also manage a small portfolio of collectives on the Transact platform, though again, holding this does not in any way impact our impartiality with client portfolios. The portfolio held is not significant enough to influence unit prices.

In 2018 we have changed our processes regarding client execution only transactions held on platforms (Transact and AJ Bell), and now request that clients process these through their own online access. We

have also advised clients that we will not monitor these holdings and cannot comment on their suitability for the clients' individual needs and attitude to risk.

We experienced four deals incorrectly placed by the platforms or providers during 2019. These were all one set of transactions carried out by Aviva, who then rectified the position by reversing the trades, so the client was not disadvantaged. Any incorrectly placed or delayed deals of our own making were rectified as soon as possible, and we have seen a significant reduction in errors since new processes were introduced during 2017 (from 30 cases in 2017, to 12 in 2018, and 3 in 2019). Where there was a financial loss to the client as a result of the error, the client was reimbursed, though this was only required in one instance.