
Best Execution Report

For trades undertaken in 2018

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Progeny Asset Management (Progeny) provides discretionary investment management services to clients. What this means is that Progeny will decide which assets to buy or sell on behalf of its clients and then transmit those orders to other regulated firms who will then arrange execution of the orders with 'execution venues'.

For exchange traded assets (shares, exchange traded funds, bonds etc.) the orders are transmitted to Winterflood Business Services (WBS) who then execute the orders with 'execution venues' in accordance with their published execution policy. WBS use automatic execution technology which sources the best price from a range of retail service providers and market makers. Where an electronic price is not available, the order is dealt manually by WBS dealing team.

For other non-exchange traded assets such as funds (unit trusts, OEICs), Progeny transmit the orders to custody platforms who then facilitate execution direct with the fund managers.

A summary of the analysis and conclusions drawn from the detailed monitoring of the quality of execution obtained on the execution venues where Progeny executed its client orders in 2018 is as follows:

When assessing best execution Progeny used the following factors in order of preference:

1. Price
2. Speed
3. The nature of the order
4. Likelihood of execution
5. Cost

The price obtained for every order was checked by WBS and then reported to Progeny for additional review. The prices were checked against the best bid or offer prices available at the time of trading on a wide range of trading and execution venues using prices, sourced by a third-party information provider. If any executed prices were outside of these reference prices, then the order was highlighted for review. It is pleasing to report that in 2018 only a very small number of orders were highlighted for review with the majority achieving or beating the best reference price.

The speed of execution is controlled so that once a trade has been agreed it is carefully monitored to ensure it is executed on a timely basis in accordance with very strict internal benchmarks.

Occasionally the size of the order will impact the method of execution and monitoring. Large orders are still monitored with a strict preference on best price, but the reference prices change in these circumstances to the best average market prices available over the period taken to execute to the order. The prices obtained in 2018 achieved or beat the reference prices.

Finally, likelihood of execution and cost were considered. Likelihood of execution is always very high as both Progeny and WBS carefully monitor the investments for market coverage and liquidity. In respect of costs, the execution venues used do not usually charge for their services but if they did both Winterflood Business Services and Progeny did not seek to pass these on to clients. For international orders, certain costs (e.g. foreign exchange 'FX') may be passed through to the client within the price spread, but WBS and Progeny deem this to still result in the best overall cost outcome for the client.

Generally, WBS use their commercial experience and judgement in determining the relative importance of these factors, and in general, WBS regard price as the most important of these factors for obtaining the best possible result. However, it is important to recognise that there may, from time to time, be circumstances for some orders, particular instruments or markets where other factors may be deemed to have a higher priority. For example, in fast moving markets, speed of execution may be more important than spending time negotiating the price.

Although Progeny have no direct close links with any execution venues, Progeny use Winterflood Business Services for dealing, settlement and custody who are a division of Winterflood Securities Limited. Winterflood Securities Limited act as an execution venue for Winterflood Business Services. Progeny have no specific arrangements with any of the venues regarding payments, rebates or non-monetary benefits.

Progeny have clients who are classified as both Retail and Professional however for the purposes of best execution all clients are classed as Retail, as this affords all clients with the highest possible standards of best execution control and monitoring.

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