

True Potential Investments LLP (TPI) - RTS28 and Article 65(6) Disclosure

Published under Article 65(6) of the Commission Delegated Regulation (EU) 2017/565 (Markets in Financial Instruments Directive II)

Background

In order to fully assess the quality of execution being obtained on execution venues or by brokers used by investment firms to execute client orders, the above regulation requires investment firms to publish on an annual basis execution quality data relating to the following, as appropriate:

- The top 5 execution venues (RTS28)
- and/or
- The top 5 execution brokers (Delegated Regulation Article 65(6))

The regulation requires investment firms to publish quantitative information by class of financial instrument for executions relating to:

- Professional Clients
- Retail Clients
- Securities Financing Transaction Clients

The regulation further requires investment firms to publish a summary of their analysis for each class of financial instrument based on a number of different factors.

Scope of this Report

The reporting period covers 1st January 2019 - 31st December 2019. This report covers all deals placed inside the True Potential fund range over this period.

In respect of the elements applicable to TPI, only the following are in scope:

- **Report Type** - Delegated Regulation Article 65(6)
- **Client Type** - Retail Clients
- **Financial Instrument Type** - Debt instruments (Bonds and Money Market Instruments) and Exchange traded products (Exchange traded funds, exchange traded notes and exchange traded commodities)

The regulation requires investment firms to classify executed orders as "passive", "aggressive" or "directed", where these are defined as the following:

- **Passive** - means an order entered into the order book that provided liquidity
- **Aggressive** - means an order entered into the order book that took liquidity
- **Directed** - means an order where a specific execution venue was specified by the client prior to the execution of the order.

TPI does not accept instructions from clients to direct orders to specific trading venues, therefore it does not undertake Directed orders.

The trading venues used do not operate order books therefore orders are not classified as either passive or aggressive.

Quantitative Disclosure

Class of Instrument	Exchange traded products (Exchange traded funds, exchange traded notes and exchange traded commodities)
Notification if < 1 average trade per business day in the previous year	No

Top five execution brokers ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
ITG (Investment Technology Group Limited)* 213800EEC95PRUCEUP63	63.4%	76.5%	N/A	N/A	0%
Bloomberg Trading Facility Limited (Bloomberg MTF) 549300ROEJDDAXM6LU05	36.6%	23.5%	N/A	N/A	0%

*On 01/03/2019 ITG merged with Virtu and is now known as Virtu Financial.

Class of Instrument	Debt Instruments (Bonds and Money Market Instruments)
Notification if < 1 average trade per business day in the previous year	Yes

Top five execution brokers ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Bloomberg Trading Facility Limited (Bloomberg MTF) 549300ROEJDDAXM6LU05	100%	100%	N/A	N/A	0%

Qualitative Disclosure

The regulation requires investment firms to publish a summary of the analysis and conclusions drawn from their monitoring of the quality of execution obtained via the execution venues/brokers where they executed/placed client orders in the previous year. This is classed as a "Qualitative Disclosure".

The European Securities and Markets Association (ESMA) has provided guidance on the sort of areas that should be covered in the Qualitative Disclosure and these are covered in the bold bullet points below, followed by TPI's response.

- **An explanation of the relative importance TPI 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.**

TPI's general policy in this area is detailed in Section 3 of the Best Execution policy available here: <https://www.tpinvestor.com/documents>

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

There are no close links or direct ownership between TPI and their trading counterparties. No conflict of interest exists.

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

TPI did not receive payments, discount, rebates or non-monetary benefits from any execution venue in the 2019 calendar year reporting period. Any charges which cover this period are in relation to remuneration for the execution services they provided.

- **An explanation of the factors that led to a change in the list of execution/broker venues used in TPI's execution policy if such a change occurred.**

TPI decided to change execution venues from ITG (Virtu) to Bloomberg MTF. The rationale behind this was to save on broker commission for our client. A total saving of 5 basis points per trade was realised from the move and all additional cost associated was picked up by TPI.

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

Orders were placed on behalf of retail clients only. We do not, and would not, change our execution assessment if placing an order for a professional client.

- **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.**

As outlined in Section 3 of TPI's Best Execution policy, TPI will act in accordance with the best interests of its clients when placing orders with brokers or trading directly, initiated from decisions made by it to deal in financial instruments on behalf of its clients; and it will periodically assess the venues available for use by it to identify those that will enable it, on a consistent basis, to obtain the best possible result when routing and placing orders. The list of venues will be updated, where necessary, following such assessment.

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

TPI receives daily Best Execution information from Bloomberg, including arrival date, arrival time, arrival price and slippage cost which can be used for analysis. This

information is also sent to the Authorised Corporate Director (ACD) of the funds in question (Smith & Williamson) to form part of the ACD's own Best Execution analysis.

- **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.**

Not applicable.

Important Information

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