



capstone



Capstone Investment Advisors (UK), LLP

Confidential & Proprietary

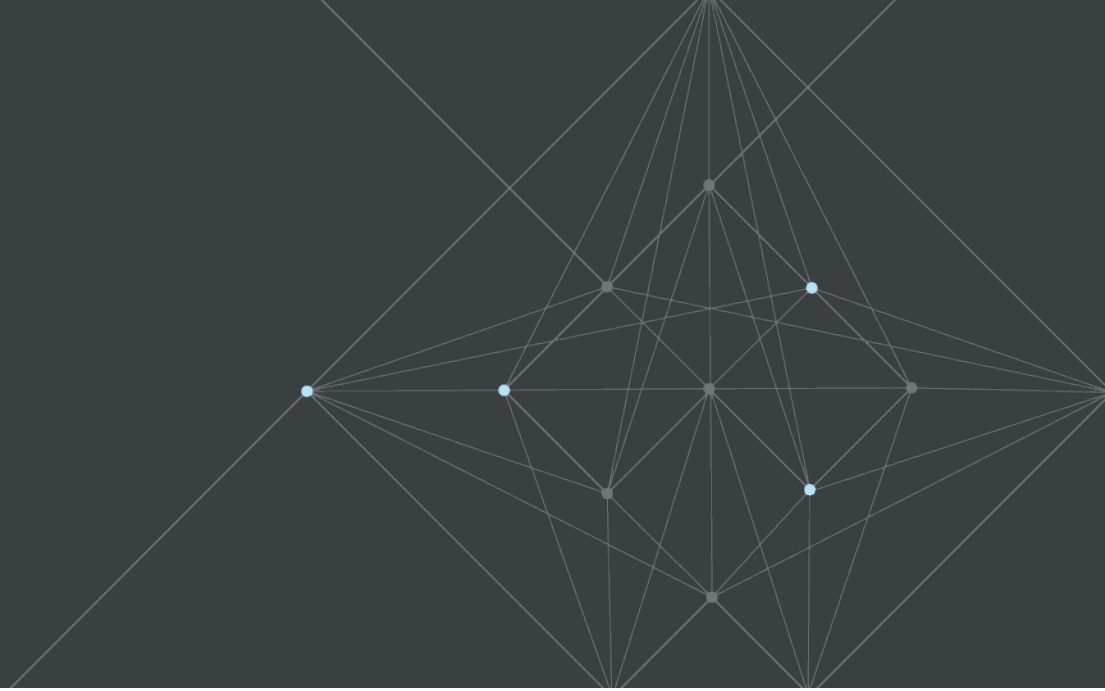
The content of this document is confidential and proprietary and may not be reproduced or distributed, in whole or in part, without the express written permission of capstone investment advisors, LLC.

This document shall not constitute an offer to sell or the solicitation of any offer to buy, which may only be made at the time a qualified offeree receives a confidential private offering memorandum and other definitive documents (together, the "CPOM"), which contain important information (including investment objective, policies, risk factors, fees, tax implications and relevant qualifications), in those jurisdictions where permitted by law. In the case of any inconsistency between the descriptions or terms in this document and the CPOM, the CPOM shall control.



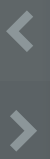


-
-
-
-
-



Annual Best Execution Disclosure – FY 2017

Confidential & Proprietary





On an annual basis, Capstone Investment Advisors (UK), LLP (“Capstone UK”) is required to provide disclosures around the execution venues utilized for each asset class, and certain information on the quality of execution in line with the requirements of Regulatory Technical Standard 28 of MiFID II (“RTS 28”). RTS 28 requires MiFID firms to publish, on an annual basis:

- A list of the top five execution venues in terms of trading volumes for all executed client orders, per class of instrument.
- A list of the top five execution venues in terms of trading volumes for all executed client orders , per class of instrument in securities financing transactions.
- A summary of the analysis and conclusions drawn from the monitoring of the quality of execution obtained on the listed execution venues.

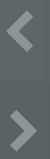
When placing orders for execution in a given financial market, Capstone UK takes into consideration a number of execution factors dependent upon the characteristics of the order and the prevailing market conditions including but not limited to: Price, Likelihood of Execution, Size, Cost, and Speed.

During the period January 2017- December 2017, we confirm that there are no material close links, common ownership or conflicts of interest between us and the execution venues / brokers used by the Firm. Execution venues / brokers are paid on a pre-agreed cost per transaction. We receive/do not receive a discount on these services. We may on occasion receive short term market colour from our execution providers. All our clients are categorised as professional clients under Article 4 (1)(11) of Directive 2004/39/EC. The Firm may use broker Transaction Cost Analysis (TCA) reports and internal analysis to monitor the quality of execution against our best execution criteria. We conduct regular reviews of our chosen execution venues / brokers against our best execution policy, and may at our discretion, remove those which we believe are no longer offering us best execution.

Capstone UK only places orders to be executed with approved counterparties. The firm’s list of approved counterparties is reviewed regularly and changes over time in-line with the firm’s Best Execution Policy.

A Best Execution Committee meeting is held on a quarterly basis in order to review adherence to the firm’s Best Execution Policy.

All figures shown herein are displayed in United States Dollars (\$USD).





Equities

Notification if <1 Average Trade per Business Day	N				
Top five brokers ranked in terms of trading volumes	Proportion of volume traded as a percentage of total in instrument class	Proportion of orders executed as a percentage of total in that instrument class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Goldman Sachs	23.64%	52.30%	N/A	N/A	0%
Merrill Lynch	18.45%	43.92%	N/A	N/A	0%
J.P. Morgan	7.96%	0.03%	N/A	N/A	0%
Deutsche Bank	6.38%	0.08%	N/A	N/A	0%
Wells Fargo	5.56%	0.03%	N/A	N/A	0%

Debt Instruments

Notification if <1 Average Trade per Business Day	N				
Top five brokers ranked in terms of trading volumes	Proportion of volume traded as a percentage of total in instrument class	Proportion of orders executed as a percentage of total in that instrument class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Barclays	12.61%	8.12%	N/A	N/A	0%
J.P. Morgan	11.17%	11.93%	N/A	N/A	0%
Citigroup	10.11%	8.48%	N/A	N/A	0%
Merrill Lynch	6.93%	8.00%	N/A	N/A	0%
Deutsche Bank	5.77%	7.45%	N/A	N/A	0%





Interest Rate Derivatives

Notification if <1 Average Trade per Business Day	N				
Top five brokers ranked in terms of trading volumes	Proportion of volume traded as a percentage of total in instrument class	Proportion of orders executed as a percentage of total in that instrument class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Barclays	53.20%	99.11%	N/A	N/A	0%
J.P. Morgan	8.96%	0.10%	N/A	N/A	0%
Citigroup	6.16%	0.03%	N/A	N/A	0%
Goldman Sachs	5.36%	0.03%	N/A	N/A	0%
ED&F Man Capital Markets	4.71%	0.21%	N/A	N/A	0%

Credit Derivatives

Notification if <1 Average Trade per Business Day	N				
Top five brokers ranked in terms of trading volumes	Proportion of volume traded as a percentage of total in instrument class	Proportion of orders executed as a percentage of total in that instrument class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Barclays	49.35%	32.80%	N/A	N/A	0%
Nomura International	34.30%	36.80%	N/A	N/A	0%
Mizuho International	5.67%	12.80%	N/A	N/A	0%
Credit Suisse	4.20%	1.60%	N/A	N/A	0%
Goldman Sachs	2.82%	4.80%	N/A	N/A	0%





Currency Derivatives

Notification if <1 Average Trade per Business Day	N				
Top five brokers ranked in terms of trading volumes	Proportion of volume traded as a percentage of total in instrument class	Proportion of orders executed as a percentage of total in that instrument class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Goldman Sachs	15.52%	13.51%	N/A	N/A	0%
J.P. Morgan	13.00%	12.74%	N/A	N/A	0%
Royal Bank of Scotland	9.78%	12.19%	N/A	N/A	0%
Nomura	9.71%	3.08%	N/A	N/A	0%
Merrill Lynch	8.13%	2.97%	N/A	N/A	0%

Equity Derivatives

Notification if <1 Average Trade per Business Day	N				
Top five brokers ranked in terms of trading volumes	Proportion of volume traded as a percentage of total in instrument class	Proportion of orders executed as a percentage of total in that instrument class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Barclays	20.81%	54.48%	N/A	N/A	0%
Goldman Sachs	18.98%	31.57%	N/A	N/A	0%
Vantage Capital Markets	12.02%	0.48%	N/A	N/A	0%
Societe Generale	9.05%	0.34%	N/A	N/A	0%
BNP Paribas	8.84%	0.35%	N/A	N/A	0%



Commodity Derivatives and Emission Allowances Derivatives

Notification if <1 Average Trade per Business Day	N				
Top five brokers ranked in terms of trading volumes	Proportion of volume traded as a percentage of total in instrument class	Proportion of orders executed as a percentage of total in that instrument class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Barclays	86.17%	94.20%	N/A	N/A	0%
Goldman Sachs	9.71%	5.56%	N/A	N/A	0%
Citigroup	1.22%	0.03%	N/A	N/A	0%
J.P. Morgan	1.06%	0.03%	N/A	N/A	0%
BNP Paribas	0.98%	0.11%	N/A	N/A	0%

Exchange Traded Products

Notification if <1 Average Trade per Business Day	N				
Top five brokers ranked in terms of trading volumes	Proportion of volume traded as a percentage of total in instrument class	Proportion of orders executed as a percentage of total in that instrument class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Societe Generale	26.15%	0.41%	N/A	N/A	0%
Deutsche Bank	10.78%	0.31%	N/A	N/A	0%
J.P. Morgan	7.90%	0.25%	N/A	N/A	0%
Goldman Sachs	6.73%	78.30%	N/A	N/A	0%
Citigroup	6.51%	0.24%	N/A	N/A	0%



Securities Finance (Debt Instruments)

Notification if <1 Average Trade per Business Day	N	
Top five brokers ranked in terms of trading volumes	Proportion of volume traded as a percentage of total in instrument class	Proportion of orders executed as a percentage of total in that instrument class
J.P. Morgan	35.41%	35.58%
Barclays	23.22%	31.01%
BNP Paribas	15.95%	15.88%
Nomura	14.72%	9.66%
Credit Agricole	5.73%	3.07%

