

London,
June 2020

Bluebell Best Execution Disclosure 2019

Introduction

We are pleased to provide our first annual best execution disclosure report, detailing the execution venues utilised by asset class, and how we assess the quality of these executions. We take all sufficient steps on a consistent basis to obtain the best possible result when executing orders on behalf of our clients. We launched our sole client and fund (the Bluebell Active Equity Master / Feeder ICAV Fund) on 11 November 2019, and this report represents the launch period and first two months. In obtaining the best possible results (rather than merely the best price) we take into account the execution criteria and factors applicable to the particular type of transaction. Best execution applies to all financial instruments although execution factors are considered and applied as appropriate to different instrument types depending on relative importance. For example, OTC financial instruments have a unique contractual relationship (given ISDA documentation requirements), so are not comparable with transactions involving traded securities.

We have implemented an order execution policy to take into account the relevance and importance of the execution factors for the various types of financial instruments, execution venues and intermediaries to which an order can be directed. Please note, we do not accept or execute retail client orders.

Execution factors may vary on a trade by trade basis and by instrument type. Please see below our list of execution factors, and our Order Execution policy is available for further information upon request,;

- general prices available;
- depth of liquidity;
- relative volatility in the market;
- speed of execution;
- cost of execution;
- creditworthiness of the counterparties on the venue or the counterparty; and
- quality and cost of clearing and settlement.

EQUITIES (including those settling as Equity swaps)

Client type - Professional	Equities (inc CFD settlement)		Period 11/11/2019 - 31/12/2019		
Top 5 counterparties ranked in terms of trading volumes (descending order)	Proportion of volume traded as a % of total in that class in EUR	Proportion of orders executed as a % of total in that class	% of passive orders	% of aggressive orders	% of directed orders
Merrill Lynch Intl / BOFA Securities Incorp - High touch	6%	2%	57%	43%	0%
Merrill Lynch Intl / BOFA Securities Incorp - Low touch	25%	26%			
UBS AG / UBS Securities LLC - High touch	12%	5%	72%	28%	0%
UBS AG / UBS Securities LLC - Low touch	27%	36%			
Williams Trading	30%	32%	91%	9%	0%

Definitions:

“Passive order” means an order entered into the order book that provides liquidity;

“Aggressive order” means an order entering into the order book that took liquidity;

“Directed order” means an order where a specific execution venue was specified by Bluebell prior to the execution of the order.

All %’s based on counterparty reporting where known.

Obtaining Best Execution – Equities

When executing an equity order the Trader first considers any specific instructions from the investment team (such as price limits) and then sets about obtaining best execution. For equity orders gross consideration (price plus implicit and explicit costs) shall be the overriding driver of best execution. The Trader (ordinarily Bluebell’s Head of Trading) considers the size of the order relative to average daily volume in order to assess under normal market circumstances approximately how long the order will take to complete as well as the natural liquidity of the stock. The Trader will consider and review factors such as the size of the order relative to liquidity and bid/offer spread, to decide whether it would be better to deal via cheaper electronic means. Broker’s indications of interest are monitored to assess if there is an increased likelihood and speed of execution at a given broker and whether this improves the price achieved, (i.e.) by mitigating the bid/offer spread. Other factors to be considered include whether the order is subject to commissions associated with dealing, their impact on the “net price” received and the best way to minimize information leakage if relevant.

OTC EQUITY DERIVATIVES

Client type - Professional	OTC Equity Derivatives		Period 11/11/2019 - 31/12/2019		
Top 5 counterparties ranked in terms of trading volumes (descending order)	Proportion of volume traded as a % of total in that class in EUR	Proportion of orders executed as a % of total in that class	% of passive orders	% of aggressive orders	% of directed orders
Merrill Lynch Intl	35%	29%	N/A	N/A	0%
UBS AG	65%	71%	N/A	N/A	0%

Obtaining Best Execution – OTC Equity Derivatives

For liquid Equity Derivatives, quotes are generally obtained from potential counterparties as part of the price discovery process. This may not always be possible or desirable to do so. For example, where the speed of the execution is key or where the fund has existing positions, attempting to obtain multiple quotes could have a negative impact on obtaining best execution. For less liquid Equity Derivatives where we trade in an OTC manner, multiple brokers may be approached to provide quotes within a suggested timeframe. Options are modelled and priced by the Trader prior to sourcing liquidity, meaning an expected price is already known. Quotes received are assessed against each other and against our own indicative calculations leading to the provider of the best price being chosen. Records of all quotes are retained to evidence best execution.

FX Swaps & Forward FX Contracts

Client type - Professional	Swaps & Forward FX Contracts		Period 11/11/2019 - 31/12/2019		
Top 5 counterparties ranked in terms of trading volumes (descending order)	Proportion of volume traded as a % of total in that class in EUR	Proportion of orders executed as a % of total in that class	% of passive orders	% of aggressive orders	% of directed orders
Merrill Lynch Intl	0%	0%	N/A	N/A	0%
UBS AG	100%	100%	N/A	N/A	0%
State Street Global Markets	0%	0%	N/A	N/A	0%

Obtaining Best Execution – FX

Although price is listed as the primary execution factor, when dealing FX we believe that timeliness of settlement is also of significant importance, given the operational risks that would be caused by settlement failure and the resultant costs (both monetary and reputational). For this reason, and because the FX we trade is purely operations, we do not execute ‘across the street’ in competition. Instead, we trade with our Prime Brokers and Custodian (where underlying trades are settling) and use their live stream FX trading tools. We are able to independently validate the rates offered versus ‘onscreen’ live Bloomberg rates, and speak to the FX Sales personnel if required..

Summary of Venues Available

We have a wide range of approved venues and entities through which we can trade, including:

- Brokers who may transact on Regulated Markets, or through their own Multi-Lateral Trading Facilities (‘MTFs’) or as Systematic Internalisers (‘SIs’);
- Independent MTFs. Traders assess the potential venues in order to consider how best the order can be progressed given the specific characteristics of the order.
- Algorithmic trading
- Organised Trading Facilities (‘OTFs’)
- Dual quotes are obtained from OTC counterparties given the potential for volatility input differences.
- Prime Broker live FX streaming platforms

Traders assess the potential venues in order to consider how best the order can be progressed given the specific characteristics of the order.

For further information, please contact info@bluebellcp.com.
