



Best Execution Qualitative Information

Firm: Fair Oaks Capital Limited (“Fair Oaks” or the “Firm”)

Calendar Year Disclosure Period: 1st January 2020 to 31st December 2020

Report Date: 6th April 2021

<p>A summary of the analysis and conclusions the Firm draws from its detailed monitoring of the quality of execution obtained on the execution venues where it executed all client orders in the previous year</p>	<p>(f) Structured Finance Instruments</p> <p><i>Primary Market Trades</i> Fair Oaks may purchase CLO securities newly issued in the primary market for which there is only one venue available for execution. Best execution is considered to be achieved for primary market trades due to the fact that there are no other available execution venues.</p> <p><i>Secondary Market Trades</i> CLO securities may instead be bought, and will generally be sold, in the secondary market either through (i) bids wanted in competition or “BWIC” auctions; or (ii) “Inventory Trades”. See further detail below on the approach taken by Fair Oaks.</p> <p>For best execution monitoring of secondary market trades, the testing performed by Fair Oaks focuses on those trades which were undertaken outside of the BWIC process where best execution is considered to be built into the functioning of the BWIC procedure. Where a secondary market trade has been executed via an inventory trade the Firm will seek to review and ensure that competitive pricing was achieved and the price on which the firm dealt on behalf of its clients considered fair.</p> <p>The monitoring completed confirmed that best execution was obtained consistently on the approved execution venues throughout the year.</p>
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	<p>(b) Debt Instruments (i) money markets instruments</p> <p>As part of the Firm’s analysis of best execution in relation to debt instruments, reviews of externally verifiable reference prices (where available) were undertaken when pricing or checking the price of bids/offers for debt instruments. The monitoring completed supported that best execution was obtained consistently on the approved execution venues throughout the year.</p>
<p>An explanation of the relative importance the Firm 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</p>	<p>(f) Structured Finance Instruments</p> <p>Primary Market Trades Fair Oaks may purchase CLO securities newly issued in the primary market for which there is only one venue available for execution. Best execution is considered to be achieved for primary market trades due to the fact that there are no other available execution venues.</p> <p>Secondary Market Trades CLO securities may instead be bought, and will generally be sold, in the secondary market either through (i) bids wanted in competition or “BWIC” auctions; or (ii) “Inventory Trades”.</p> <p>A BWIC is an auction whereby the potential seller will solicit bids from the entire market and potential purchasers will submit their bids through participating banks. As a seller, Fair Oaks will receive a best bid from each bank participating in the BWIC auction and may accept the best bid received across all participating banks. As a winning bidder in a BWIC, Fair Oaks may pay the participating bank an additional fee for their service on top of the price paid to the seller.</p> <p>An Inventory Trade will typically occur where a bank holds CLO securities on their balance sheet or “inventory” and such securities are offered to their clients. Fair Oaks typically attempts to negotiate the price of an inventory offer. Alternatively, Fair Oaks may approach a bank or banks to sell CLO securities without conducting a BWIC auction. Banks may approach one or a handful of prospective buyers to obtain bids for those securities or purchase them for the bank’s own balance sheet.</p>



	<p>For secondary purchases, price will be the overriding consideration if a security is available from two sellers. For secondary sales, Fair Oaks will typically have a choice between selling directly to a bank or broker or selling through a BWIC auction. While in certain situations, Fair Oaks may value the greater speed and certainty of a direct sale, the primary consideration in choice of execution will typically be price. Because it is negligible, execution cost is not a factor.</p> <p>(b) Debt Instruments (i) money markets instruments</p> <p>Where the Firm executes orders directly (i.e. over the counter (“OTC”) transactions), key factors will be price and transaction costs.</p> <p>For indirect orders, costs and speed of execution will typically be important considerations.</p> <p>Where the Firm deals in OTC products (with the exemption of CLO products, for which the process is noted above), it must take into account external market data and externally verifiable reference prices (where available), when pricing or checking the price of OTC products. These checks are recorded to assist the Firm in monitoring its best execution arrangements.</p>
<p>A description of any close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders</p>	<p>Applies across all classes of financial instruments traded.</p> <p>The Firm does not have any close links, conflicts of interests or common ownerships with respect to the execution venues it uses to execute orders.</p>
<p>A description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received</p>	<p>Applies across all classes of financial instruments traded.</p> <p>Fair Oaks has not entered into any arrangements with its execution venues regarding payments made or received, discounts or non-monetary benefits that would compromise its ability to meet its obligations in regard to best execution, conflicts of interest or inducements.</p>



	<p>The Firm has determined that it will pay for research from its own resources and as such has arrangements in place to remunerate certain firms (where relevant) for the receipt of such research. Additionally, Fair Oaks may on occasion receive or provide minor non-monetary benefits from execution venues. They must be received/provided in accordance with the Firm's Inducements policy.</p>
<p>An explanation of the factors that led to a change in the list of execution venues listed in the Firm's execution policy, if such a change occurred</p>	<p>Applies across all classes of financial instruments traded.</p> <p>During the period under review, Fair Oaks' list of execution venues may have changed. The Firm regularly reviews the effectiveness of its Best Execution Policy and its execution arrangements to identify and, where appropriate, incorporate any changes to enhance the quality of execution obtained. Following discussions with the front office and as part of the reviews carried out over the period it was determined that certain changes involving both addition and removal of certain counterparties were required to ensure that the Firm continues to obtain the best possible result for its clients. Factors considered included price, access to the market, counterparty risk and market liquidity.</p>
<p>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</p>	<p>Applies across all classes of financial instruments traded.</p> <p>While Fair Oaks does take the characteristics of its clients into account when judging the relative importance of the execution factors, the Firm's clients are exclusively professional clients and so are treated with a consistent approach.</p>
<p>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</p>	<p>Applies across all classes of financial instruments traded.</p> <p>Not applicable. The Firm does not execute retail client orders.</p>



<p>An explanation of how the Firm has used any data or tools relating to the quality of execution, including any data published under Commission Delegated Regulation (EU) 2017/575</p>	<p>Applies across all classes of financial instruments traded.</p> <p>Fair Oaks compares and analyses relevant data to obtain best execution for its client, including execution quality data. Where the Firm transmits orders to third parties, or directly executes orders on behalf of its client with counterparties where the order relates to OTC products, the Firm takes steps to check the fairness of the price on offer by gathering market data used in the estimation of the price of such product and, where possible, by comparing with similar or comparable products.</p> <p>As part of our best execution monitoring procedures we have considered the data published under Commission Delegated Regulation (EU) 2017/575 by the trading venues we have used, those of our counterparties which operate as systematic internalisers and a sample of reports published by other execution venues which we do not currently utilise.</p>
<p>Where applicable, an explanation of how the Firm has used output of a consolidated tape provider established under Article 65 of Directive 2014/65/EU.</p>	<p>Applies across all classes of financial instruments traded.</p> <p>Not applicable, as there were no such Consolidated Tape Providers available in Europe during the period to which this disclosure relates.</p>