

IM Asset Management Limited 2017 Top Five Venues

Due to the nature of our business a 'venue' is considered to be the counterparty (i.e. broker) selected to transact our client orders. The firm has procedures in place to ensure that in line with the principles of best execution and treating clients fairly the most suitable broker is selected for each trade, to achieve the best outcomes for clients. Our Best Execution policy contains five specific execution factors to be considered when placing client orders:

- I. Price
- II. Speed
- III. Likelihood of execution
- IV. Size
- V. Nature of the order

Technology is leveraged to ensure the most suitable counterparty is selected, with respect to the above factors. We have the ability to rank each of our counterparties based on the nominal amount of shares they have traded in a particular security over specific time frames. By selecting the counterparty that has dealt the largest volume of shares the likelihood of execution increases, which in turn increases the speed of the execution and the price we are likely to achieve.

Additionally, we have the ability to see live 'Indications of Interest' – this is simply our brokers advertising to the market what shares they are currently dealing in. By selecting the counterparty that is currently advertising shares we will be transacting in, the likelihood of execution increases. This is also expected to increase speed of execution and the price achieved.

Exchange Traded Funds (ETFs) are traded predominantly through our broker's 'Request for Quote' functionality. Utilising this functionality increases the likelihood of execution, as additional liquidity in the ETF market is sought out. Using this service also enables us to review the price offered before accepting.

This technology, with respect to the above execution factors, is used alongside charts that plot share price movements throughout the day. After the counterparty is selected, the order is placed and appropriate instruction on how to work the order given. Instructions can vary, but depending on its size and nature (buy or sell), we may either instruct to work the order over the day or look to fill the order at a particular price.

Procedures are in place to confirm we have achieved best execution immediately after completion of each order, which is then aggregated by counterparty and reviewed further on a month by month and quarterly basis.

Venues used through the period:

- I. AJ Bell Securities
- II. Liberum Capital
- III. Shore Capital
- IV. N+1 Singer
- V. Bloomberg Tradebook
- VI. Investec Securities

IM Asset Management Limited's Top Five Venues (brokers) through 2017

Equities

Tick size liquidity bands 5 and 6 (from 2000 trades per day)

- I. Table 1 illustrates our top 5 venues by percentage of value, for securities that fall into liquidity bands 5 and 6. Equities in this bracket are predominantly 'mega-cap' stocks with significant liquidity and so there is a high likelihood of our order being fully executed. Total consideration, which includes broker commission, is taken into account under the 'price' execution factor. As a result Bloomberg Tradebook accounted for majority of orders by value in this bracket.

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Tick size liquidity bands 3 and 4 (from 80 to 1999 trades per day)

- I. Table 2 illustrates our top 5 venues by percentage of value, for securities that fall into liquidity bands 3 and 4. Equities in this bracket are medium to large capitalisation, and so there is less liquidity available compared to bands 5 and 6, so a greater degree of execution expertise is required to complete orders. Counterparties were selected using the methods covered above, and so there was increased use Investec, Liberum, Shore, and N+1 Singer within these bands. Investec are one of our largest brokers and so had greater market coverage across equities that fell within this bracket.

Tick size liquidity bands 1 and 2 (from 0 to 79 trades per day)

- I. Table 3 illustrates our top 5 venues by percentage of value, for securities that fall into liquidity bands 1 and 2. Equities in this bracket are small capitalisation stocks and so the majority of volume by value, was placed with Investec given their volume ranking discussed previously.

Debt Instruments

Bonds

- I. As evidenced in Table 4 we only have the ability to transact bonds through N+1 Singer, Shore Capital, and AJ Bell Securities. Allocations by value were split across these three venues, with AJ Bell Securities receiving the majority of the trades as a result of them being our only counterparty to transact securities that are held outside of our LF IM Funds.

Exchange traded products

Exchange Traded Funds (ETFs)

- I. Table 5 shows our top brokers by percentage of value for deals in ETFs. Total consideration, which includes broker commission, is taken into account under the 'price' execution factor and so the majority of orders by value were executed with Bloomberg Tradebook using their RFQ functionality. AJ Bell is our only counterparty to transact securities held outside of our LF IM Funds, and so all such ETF orders were dealt with them.

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