

Annual Report on Top Five Execution Venues & Quality of Execution

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Annual Reporting

In accordance with COBS 11.2A.39 R, the Firm is required to publish the top five execution venues in terms of trading volumes for all executed client orders per class of financial instruments and also information on the quality of execution obtained.

If the Firm undertakes both order execution and transmission of orders to another firm it must produce two separate annual reports.

Full details of the requirements regarding reporting are set out in RTS 28 and its annexes.

Top Five Execution Venues

The Firm must publish the information on the top five execution venues used in the preceding year which will include information on the volume and number of orders executed on each execution venue. This will enable investors to form an opinion as to the flow of client orders from the Firm to execution venues.

In order to ensure that the information published on the top five execution venues is meaningful this must be published separately for retail clients, professional clients and securities financing transactions.

The information which must be reported is set out in the tables attached to this policy. As well as information on the volume and number of orders the Firm will also confirm where it only executes a very small number of trades in a particular class of financial instrument.

If a firm is a portfolio manager or receiving and transmitting orders and sends orders for execution to different brokers within the same Group then the annual report on top five entities should be provided at the level of the individual firm within that Group and not be aggregated.

Report on Quality of Execution

To allow investors to assess the quality of execution the Firm must publish an assessment of execution quality obtained on all execution venues used by the Firm. For each class of financial instruments, we must publish a summary of the analysis and conclusion we have drawn from the detailed monitoring of the quality of execution obtained on the execution venues.

For each class of financial instruments, the summary of the analysis and conclusions should include:

- (a) 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;
- (b) a description of any close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders;
- (c) a description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received;
- (d) 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;
- (e) 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;
- (f) 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;
- (g) an explanation of how the investment firm has used any data or tools relating to the quality of execution;
- (h) where applicable, an explanation of how the investment firm has used output of a consolidated tape provider established under Article 65 of MiFID II Directive.

There is no set format of how this evidence should be documented.

Format of Reporting

The Firm must publish the information on the top five execution venues on its website and by using the templates provided in this policy. The reports must be in machine-readable electronic format and must be available to download by the public. They must not be behind any kind of firewall or other restrictions.

In addition, the summary of the analysis and conclusions on the quality of execution must be also published on the Firm's website in an electronic format which can be downloaded by the public.

The reports must be provided annually (based on calendar year) and published on or before the 30 April following the end of the period. The first report will be due on 30 April 2018.

Reports should remain in the public domain for a minimum of two years.

Classes of Financial Instruments

In accordance with Annex I of RTS 28 the classes of financial instruments are as follows;

(a) Equities – Shares & Depositary Receipts

- (i) Tick size liquidity bands 5 and 6 (from 2000 trades per day)
- (ii) Tick size liquidity bands 3 and 4 (from 80 to 1999 trades per day)
- (iii) Tick size liquidity band 1 and 2 (from 0 to 79 trades per day)

(b) Debt instruments

- (i) Bonds
- (ii) Money markets instruments

(c) Interest rates derivatives

- (i) Futures and options admitted to trading on a trading venue
- (ii) Swaps, forwards, and other interest rates derivatives

(d) credit derivatives

- (i) Futures and options admitted to trading on a trading venue
- (ii) Other credit derivatives

(e) currency derivatives

- (i) Futures and options admitted to trading on a trading venue
- (ii) Swaps, forwards, and other currency derivatives

(f) Structured finance instruments

(g) Equity Derivatives

(i) Options and Futures admitted to trading on a trading venue

(ii) Swaps and other equity derivatives

(h) Securitized Derivatives

(i) Warrants and Certificate Derivatives

(ii) Other securitized derivatives

(i) Commodities Derivatives

(i) Options and Futures admitted to trading on a trading venue

(ii) Other commodities derivatives

(j) Contracts for difference

(k) Exchange traded products (Exchange traded funds, exchange traded notes and exchange traded commodities)

(l) Emission allowances

(m) Other instruments

Format of disclosure for retail clients & professional clients

The information on top five execution venues for retail clients and professional clients must be reported separately and the format of reporting is set out in the table below. The information reported must exclude orders in Securities Financing Transactions.

RTS Report for the period ending 31 December 2018

Class of instrument	Currency Derivatives (Forwards, Spots, Swaps), MTF: FXConnect				
Notification if < 1 average trade per business day in the previous year	Y				
Top five execution venues 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 percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
The Northern Trust (LEI: 6PTKHDJ8HDUF78PFWH30)	62.24%	55.07%	0.00%	0.00%	0.00%
HSBC (LEI: MP6I5ZYZBEU3UXPYFY54)	37.76%	44.93%	0.00%	0.00%	0.00%

Class of instrument	Debt Instruments (Bills, Bonds and MMIs) MTFs: Tradeweb and Bloomberg TSOX				
Notification if < 1 average trade per business day in the previous year	Y				
Top five execution venues 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 percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Nomura (LEI: DGQCSV2PHVF7I2743539)	28.20%	26.62%	0.00%	0.00%	0.00%
Toronto Dominion (LEI: PT3QB789TSUIDF371261)	17.62%	28.14%	0.00%	0.00%	0.00%
RBS (LEI: RR3QWICWWIPCS8A4S074)	15.92%	8.37%	0.00%	0.00%	0.00%
Barclays (LEI: G5GSEF7VJP5I7OUK5573)	15.65%	10.27%	0.00%	0.00%	0.00%

Merrill Lynch (LEI: 969500FHCS1INVZOG4332)	12.73%	11.79%	0.00%	0.00%	0.00%
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Class of instrument	Equities (commodities and equities); Bloomberg EMSX				
Notification if < 1 average trade per business day in the previous year	Y				
Top five execution venues 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 percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Jefferies (LEI: S5THZMDUJCTQZBTRVI98)	100.00%	100.00%	0.00%	0.00%	0.00%

Class of instrument	Exchange traded products; MTF: Tradeweb; Bloomberg EMSX-RFQE				
Notification if < 1 average trade per business day in the previous year	Y				
Top five execution venues 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 percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
<p style="text-align: center;">Jane Street (LEI: 549300ZHEHX8M31RP142)</p>	44.35%	45.24%	0.00%	0.00%	0.00%
<p style="text-align: center;">Morgan Stanley (LEI:4PQUHN3JPFGFNF3BB653)</p>	40.74%	36.90%	0.00%	0.00%	0.00%
<p style="text-align: center;">Bank of America (LEI: GGDZP1UYGU9STUHRDP48)</p>	14.90%	17.86%	0.00%	0.00%	0.00%

Notes:

1. A “passive order” means an order entered into the order book that provided liquidity;
2. An “aggressive order” means an order entered into the order book that took liquidity;
3. A “directed order” means an order where a specific execution venue was specified by the client prior to the execution of the order;
4. The percentage of passive, aggressive and directed orders should be based on proportion of orders executed as a percentage of total in that class.

Qualitative Report

In addition to the tables above, in accordance with Article 3(3) of RTS 28, CTIM hereby publishes a summary of the analysis and conclusions the firm has drawn from detailed monitoring of the quality of execution obtained during 2018. This qualitative report attempts to provide a more transparent picture of the firm’s order execution policy in practice, execution strategies and tools used to assess the strategies’ quality.

<p>(a) 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>CTIM regards all execution factors as set out in its Order Execution Policy, however price and likelihood of execution remain the factors of highest importance by CTIM followed by cost & speed of the order and market covered by the counterparty. The main execution factors that have influenced the above top five brokers are price and efficiency in specific markets.</p> <p>In respect of the specific asset classes, please see our observations:</p> <ul style="list-style-type: none">- <i>Currency Derivatives (forwards, spots, swaps) MTF; FXConnect</i> <p>Northern Trust secured the highest proportion of orders executed in this asset class by volume, because as CTIM’s custodian they were able to settle smaller orders more efficiently in terms of cost. We resigned RBS as an FX counterpart in Q2 2018.</p>
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	<ul style="list-style-type: none"> - Debt Instruments (bills, bonds and MMIs) MTFs: Tradeweb and Bloomberg TSOX <p>These venues were all found to be competitively priced and were all operationally efficient for settlement purposes. We resigned Arbor as a counterparty in Q1 2018.</p> <ul style="list-style-type: none"> - Exchange traded products (ETFs); MTF: Tradeweb, Bloomberg EMSX-RFQE <p>Jane Street were the best venue in terms of both price and volume for ETFs.</p> <ul style="list-style-type: none"> - Equities (commodities and equities); Bloomberg EMSX <p>Jefferies was the sole venue as they were the lead manager/ prime broker for the securities traded.</p>
(b) a description of any close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders;	CTIM does not trade with any affiliates on any asset classes.
(c) a description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received;	CTIM does not have any specific trading arrangements with execution venues, receive any payments, discounts, rebates or non-monetary benefits.
(d) 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;	Brokers & Counterparties are evaluated throughout the year for all asset classes by the portfolio management team. Price remains high on the agenda during this analysis but also likelihood of execution and settlement is important.
(e) 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;	CTIM only provides services to Professional Clients. All professional clients are treated consistently.
(f) 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;	CTIM does not trade/process retail client orders, thus this factor does not apply.

(g) an explanation of how the investment firm has used any data or tools relating to the quality of execution; including any data published under Delegated Regulation (EU) 2017/575 [RTS 27];	<p>CTIM uses the various Bloomberg MTF electronic platforms and TradeWeb as tools to assist in the collection of data to compare the performance of various counterparties.</p> <p>CTIM will consider the data published by RTS27 when released.</p>
(h) where applicable, an explanation of how the investment firm has used output of a consolidated tape provider established under Article 65 of MiFID II Directive.	Not applicable. There are no currently consolidated tape providers in Europe.

CTIM has taken all reasonable steps to source information to ensure that the RTS 28 report is as complete and meaningful for its investors as possible. [ESMA Q&A 6.](#)

The disclosure of information on execution venue selection (also known as RTS 28 disclosure) for Charles Taylor Investment Management Company (“CTIM”) is subject to the CTIM Order Execution Policy published on the [CTIM official site](#).

The data contained is published in-order for CTIM to meet its regulatory requirements, which require this data to be made available to the public. CTIM does not permit any third party to sell the data published from its official site without prior agreement.