

**Charles Taylor Investment Management Company Limited
Annual Report on Top Five Execution Venues & Quality of Execution**

Contents

Annual Reporting & Background	3
Top Five Execution Venues	4
Report on Quality of Execution.....	4
Format of Reporting.....	6
Classes of Financial Instruments	7
Format of disclosure for professional clients.....	9
Qualitative Report	13

Annual Reporting

This document sets out, for each class of financial instruments, information on the top five execution venues where Charles Taylor Investment Management Limited ('CTIM') executed or placed client orders in the preceding year, as required by the Markets in Financial Instruments Directive (MIFID) 2014/65/EU. This document applies only to clients classified by CTIM as professional clients.

Regulatory Technical Standard 28 of the Commission Delegated Regulation supplementing MIFID requires investment firms that execute client orders to summarise and make public, on an annual basis and for each class of financial instrument, the top five execution venues (in terms of trading volumes) where client orders were executed in the preceding year, as well as information obtained on the quality of execution.

Additionally, Delegated Regulation Article 65(6) requires investment firms that select other firms to provide order execution services to summarise and make public, on an annual basis and for each class of financial instrument, the top five investment firms (in terms of trading volumes) where client orders were placed for execution with brokers in the preceding year, as well as information obtained on the quality of execution. As of April 2019, CTIM outsourced its order execution and reporting arrangements to The Northern Trust Company (TNTC). TNTC Directed Trading model selects execution venues which focus on achieving the best possible execution of trades on behalf of clients on a consistent basis. CTIM Portfolio managers are ultimately responsible for the investment decision to trade which is then routed to the TNTC for execution.

CTIM only trades on behalf of Professional investors. No trades are carried out on behalf of Retail investors.

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

BACKGROUND

CTIM has in place an Order Execution Policy ("the Policy"), which is available [here](#). The Policy is reviewed and updated at least annually. The Policy applies equally to each of CTIM's clients, all of whom have been categorised as Professional. The Policy is one element of CTIM's overall framework for the delivery of best

execution to its clients. CTIM's best execution framework is detailed below:

- Order Execution Policy: CTIM's overarching policy framework for achieving best execution;
- Procedures: Desk-based guides setting out methods for achieving best execution;
- Training: Both conflicts of interest, Conduct training, and Compliance training on the regulatory requirements surrounding best execution;
- Monitoring/Surveillance: Regular review of Transaction Cost Analysis (TCA) data, Pricing report as well as periodic reviews of best execution factors (e.g. gifts and entertainment, inducements, etc.);
- Testing: Assurance of TNTC Directed Trading Order Execution Policy review;
- Reporting: Internal, client and regulatory reporting, as required by policy, contract or regulation.
- Disclosure: Investment Management Agreement, Prospectus, top five execution venue reporting and qualitative assessment (RTS 28).

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.

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.

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.

Governance

CTIM has a governance structure to oversee execution arrangements. The CTIM Investment Director provides oversight of ongoing adherence to the CTIM Best Execution Policy.

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, save for the COVID exemption permitted by ESMA for period 2019 for report published 2020.

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 professional clients

The information on top five execution venues for professional clients is set out in the table below. The information reported excludes orders in Securities Financing Transactions.

RTS Report for the period ending 31 December 2019

RTS 28 - Top Five Execution Venues

1 January 2019 to 31 December 2019

Class of instrument				(a) Equities - Shares and Depositary Receipts: (i) Tick size liquidity bands 5 and 6 (from 2,000 trades per day)				
Notification if < 1 average trade per business day in year				No				
Rank	MIC	Operator LEI	Execution Venue Name	% of VOLUME traded in class	% of ORDERS executed in class	% of PASSIVE orders*	% of AGGRESSIVE orders*	% of DIRECTED orders
1	XLON	213800D1E4B9WTWWD28	London Stock Exchange - Regulated Market	31.40%	21.46%	37.07%	62.93%	0.00%
2	CHIX	254900ERRPSKE7UZH711	Cboe Europe Equities MTF - CXE Integrated Book	23.77%	20.00%	55.45%	44.55%	0.00%
3	AQXE	213800IXJSF5E1SIW150	Aquis MTF	10.12%	17.56%	20.23%	79.77%	0.00%
4	XUBS	REYPIEJN7XZHSUI0N355	UBS MTF	7.86%	1.95%	85.71%	14.29%	0.00%
5	TRQM	2138006SKBMJJUE2HV03	Turquoise MTF - Plato	5.24%	1.46%	73.33%	26.67%	0.00%
~	Remaining execution venues			21.61%	37.56%	23.22%	76.78%	0.00%
Total				100%	100%	39%	61%	0%

Class of instrument		(a) Equities - Shares and Depository Receipts: (ii) Tick size liquidity bands 3 and 4 (from 80 to 1,999 trades per day)							
Notification if < 1 average trade per business day in year		Yes							
Rank	MIC	Operator LEI	Execution Venue Name	% of VOLUME traded in class	% of ORDERS executed in class	% of PASSIVE orders*	% of AGGRESSIVE orders*	% of DIRECTED orders	
1	XLON	213800D1E4B9WTWWD28	London Stock Exchange - Regulated Market	61.26%	22.22%	30.91%	69.09%	0.00%	
2	CHIX	254900ERRPSKE7UZH711	Cboe Europe Equities MTF - CXE Integrated Book	19.76%	22.22%	64.86%	35.14%	0.00%	
3	BATP	254900ERRPSKE7UZH711	Cboe Europe Equities MTF - BXE Periodic Auction Book	6.46%	11.11%	100.00%	0.00%	0.00%	
4	AQXE	213800IXJSF5E1SIW150	Aquis MTF	6.16%	16.67%	30.00%	70.00%	0.00%	
5	BATE	254900ERRPSKE7UZH711	Cboe Europe Equities MTF - BXE Integrated Book	3.53%	5.56%	0.00%	100.00%	0.00%	
~	Remaining execution venues			2.83%	22.22%	18.18%	81.82%	0.00%	
Total				100%	100%	39%	61%	0%	

Class of instrument		(a) Equities - Shares and Depository Receipts: (ii) Tick size liquidity bands 1 and 2 (from 0 to 79 trades per day)							
Notification if < 1 average trade per business day in year		Not applicable							
Rank	MIC	Operator LEI	Execution Venue Name	% of VOLUME traded in class	% of ORDERS executed in class	% of PASSIVE orders*	% of AGGRESSIVE orders*	% of DIRECTED orders	
1	N/A	Not applicable	Not applicable	0.00%	0.00%	0.00%	0.00%	0.00%	
2	N/A	Not applicable	Not applicable	0.00%	0.00%	0.00%	0.00%	0.00%	
3	N/A	Not applicable	Not applicable	0.00%	0.00%	0.00%	0.00%	0.00%	
4	N/A	Not applicable	Not applicable	0.00%	0.00%	0.00%	0.00%	0.00%	
5	N/A	Not applicable	Not applicable	0.00%	0.00%	0.00%	0.00%	0.00%	
~	Remaining execution venues			0.00%	0.00%	0.00%	0.00%	0.00%	
Total				0%	0%	0%	0%	0%	

Class of instrument		(b) Debt Instruments (i) Bonds							
Notification if < 1 average trade per business day in year		No							
Rank	MIC	Operator LEI	Execution Venue Name	% of VOLUME traded in class	% of ORDERS executed in class	% of PASSIVE orders*	% of AGGRESSIVE orders*	% of DIRECTED orders	
1	JPSI	K6Q0W1PS1L1O4QL9C32	J.P. Morgan Securities plc - SI	97.68%	1.40%	n/a	n/a	0.00%	
2	BMTF	549300ROEJDDAXM6LU05	Bloomberg Multilateral Trading Facility	2.02%	88.48%	n/a	n/a	0.00%	
3	JEFS	S5THZMDUJCTQZBTRV08	Jefferies International Limited - SI	0.19%	0.28%	n/a	n/a	0.00%	
4	XOFF	549300EF8AZLRG0UC208	Off-Exchange Transactions - Listed Instruments	0.10%	8.43%	n/a	n/a	0.00%	
5	MLSI	GGDZP1UYGU9STUHRDP48	Merrill Lynch International - SI	0.00%	0.28%	n/a	n/a	0.00%	
~	Remaining execution venues			0.00%	1.12%	n/a	n/a	0.00%	
Total				100%	100%	n/a	n/a	0%	

Class of instrument		(k) Exchange Traded Products (Exchange Traded Funds, Exchange Traded Notes and Exchange Traded Commodities)							
Notification if < 1 average trade per business day in year		Yes							
Rank	MIC	Operator LEI	Execution Venue Name	% of VOLUME traded in class	% of ORDERS executed in class	% of PASSIVE orders*	% of AGGRESSIVE orders*	% of DIRECTED orders	
1	BMTF	549300ROEJDDAXM6LU05	Bloomberg Multilateral Trading Facility	100.00%	100.00%	22.22%	77.78%	0.00%	
2	N/A	Not applicable	Not applicable	0.00%	0.00%	0.00%	0.00%	0.00%	
3	N/A	Not applicable	Not applicable	0.00%	0.00%	0.00%	0.00%	0.00%	
4	N/A	Not applicable	Not applicable	0.00%	0.00%	0.00%	0.00%	0.00%	
5	N/A	Not applicable	Not applicable	0.00%	0.00%	0.00%	0.00%	0.00%	
~	Remaining execution venues			0.00%	0.00%	0.00%	0.00%	0.00%	
Total				100%	100%	22%	78%	0%	

IMPORTANT NOTES

Note 1: 'PASSIVE' and 'AGGRESSIVE' order values for classes of instrument (a) Equity - Shares and Depository Receipts and (k) Exchange Traded Products are determined based upon an assumption that for the purposes of Article 2 of Commission Delegated Regulation (EU) 2017/576 ('RTS 28') where an order is transmitted to a broker for execution rather than directly to a trading venue these values can be calculated using the execution price of each transaction instead of the order or placement itself on the basis of the following:

- (1) A transaction will be considered to be '**PASSIVE**' where the execution price for that transaction is:
 - (a) for a BUY order, at a price equal to or less than the prevailing primary market MID at the time of execution; or,
 - (b) for a SELL order, at a price equal to or greater than the prevailing market MID at the time of execution.

- (2) A transaction will be considered to be '**AGGRESSIVE**' where the execution price for that transaction is:
 - (a) for a BUY order, at a price greater than the prevailing primary market MID at the time of execution; or,
 - (b) for a SELL order, at a price less than the prevailing market MID at the time of execution.

Note 2: 'PASSIVE' and 'AGGRESSIVE' order values for class of instrument (b) Debt Instruments are not considered to be applicable due to the market structure for this class of instrument which is primarily based upon a 'request-for-quote' model rather than the 'order book' model more common in other classes of instrument, consequently values are not reported.

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 2019. 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> - <i>Debt Instruments (bills, bonds and MMIs) MTFs: Tradeweb and Bloomberg TSOX</i> - <i>Exchange traded products (ETFs); MTF: Tradeweb, Bloomberg EMSX-RFQE</i> - <i>Equities (commodities and equities); Bloomberg EMSX</i> <p>Northern Trust secured the highest proportion of orders executed in these asset classes by volume, because as CTIM's custodian they were able to settle orders more efficiently in terms of cost.</p>
<p>(b) a description of any close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders;</p>	<p>CTIM does not trade with any affiliates on any asset classes.</p>

(c) a description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received;	Aside from the Directed Trading model, 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 NT management team. Price remains high on the agenda during this analysis but also likelihood of execution and settlement is important. Execution is conducted in accordance with the NT Execution Policy.
(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];	CTIM will consider the data published by RTS27 when released.
(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.

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 Limited ("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.