

INFORMTION // 30 APRIL 2018

Introduction

The Markets in Financial Instruments Directive (MIFID II) requires investment firms to summarise and make public, on an annual basis, the top five execution venues used (brokers or counterparties) in relation to the volume of trades placed across a range of financial instruments. Investment firms are required to publish this summary both for trades they have executed themselves, and for trades they have placed with other firms for execution.

Pre Trade Analysis

Pre Trade Analysis is key to obtaining Best Execution and is often overlooked when reviewing Trade Execution. At Seven Investment Management we feel this is a key starting point to any trade and utilises the expertise of our Execution dealers (with over 100 years' experience collectively) to assess each order to ascertain the best route to market. As the Dealing Desk is multi asset, we do not have specific experts per asset class, instead knowledge is shared to ensure the knowledge is present in all Dealers and of the highest standard.

Where appropriate the use of 'Pre Trade Analysis' systems are used which enable the Dealers to review large volumes of trades electronically against historic data in a time efficient manner. The outputs allow the Dealers to highlight any potential problem trades in terms of liquidity issues or market impact, which contributes to an efficient execution strategy.

Execution venues

In all asset classes Seven Investment Management will employ the services of Third Party Brokers to execute your orders. This list includes Tier One Investment Banks, Agency Brokers and Boutique specialist brokers.

These brokers are reviewed monthly by our Best Execution Committee to ensure we have the best coverage possible in terms of markets, performance of execution and costs. The reviews have resulted in Brokers being removed from our approved list or indeed new relationships started where a gap was identified.

7IM have access to Regulated Markets (RM), Systematic Internalisers (SI), Multilateral Trading Facilities (MTF) and Organised Trading Facilities (OTFs).

Execution charges

Seven Investment Management feel that Best Execution goes hand in hand with execution charges. Trade performance can be quickly eroded if the cost to execute is high. In the past year, the Dealing Desk have reviewed these implicit charges and driven down execution costs in Equities (Execution commission) by 50%.

All counterparties are now on the same low fee structure which enables the Dealers to select counterparties purely on past performance, any brokers that cannot match the terms have been removed from our Broker list.

Debt instruments, Bonds

Best Price is the execution factor we aim for taking into consideration the yield we are aiming for. Where Debt Instrument markets are less liquid, the ability to satisfy our full order without impacting the market or obtaining an inferior price is also key.

RTS 28 - Retail

Debt instruments -Money markets instruments

Single priced funds whereby the price is determined by the Fund Accountant. Executing in a timely fashion obtaining the next available NAV is our main concern.

Equities - Shares & Depositary Receipts

Price and cost of the executing Agent Broker is the overarching execution factor. Transaction Cost Analysis is carried out on all trades which is reviewed by our Dealing Team to ascertain the best venues and brokers when trading region specific.

Prevailing and past market conditions are reviewed to determine the most appropriate strategy when executing.

Exchange traded products (Exchange traded funds, exchange traded notes and exchange traded commodities), other instruments, structured Finance Instruments and unclassified

As per Equities - Shares & Depositary Receipts.