Scope

This document applies to Liontrust Investment Partners LLP ("Liontrust").

Summary

Under the EU Markets in Financial Instruments Directive (MiFID II) Liontrust is required to take all sufficient steps to obtain the best possible result (or "best execution") when executing orders on behalf of its clients. The European Securities and Markets Authority (ESMA) requires investment firms such as Liontrust to provide information on execution quality and to disclose the top five execution venues for each asset class it has traded with over the previous year. The MiFID II Regulatory Technical Standard (RTS) that outlines this requirement is RTS 28. Liontrust will publish the relevant execution information on it's website in order to provide full transparency for its clients and other such market participants.

Linked Policies

The following policies should be read in conjunction with this Policy:

- *Order Execution Policy*
- *Counterparty Selection Policy*
- *Broker Selection Process*

Policy Administration

Owner	Matthew McLoughlin
Governance Owner	*Liontrust Investment Partners Management Committee*
Effective Date	29th April 2019
Review Cycle	Annually

Version Control

Version	Date	Edits Made By	Change Details
1	23/04/2018	Matthew McLoughlin	RTS 28 Initial Report
2	29/04/2019	Matthew McLoughlin	RTS 28 2018 Report

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Overview

Under the EU Markets in Financial Instruments Directive (MiFID II) Liontrust is required to take all sufficient steps to obtain the best possible result (or "best execution") when executing orders on behalf of its clients. The European Securities and Markets Authority (ESMA) requires investment firms such as Liontrust to provide information on execution quality and to disclose the top five execution venues for each asset class it has traded with over the previous year. The MiFID II Regulatory Technical Standard (RTS) that outlines this requirement is RTS 28. Liontrust will publish the relevant execution information on it's website in order to provide full transparency for its clients and other such market participants.

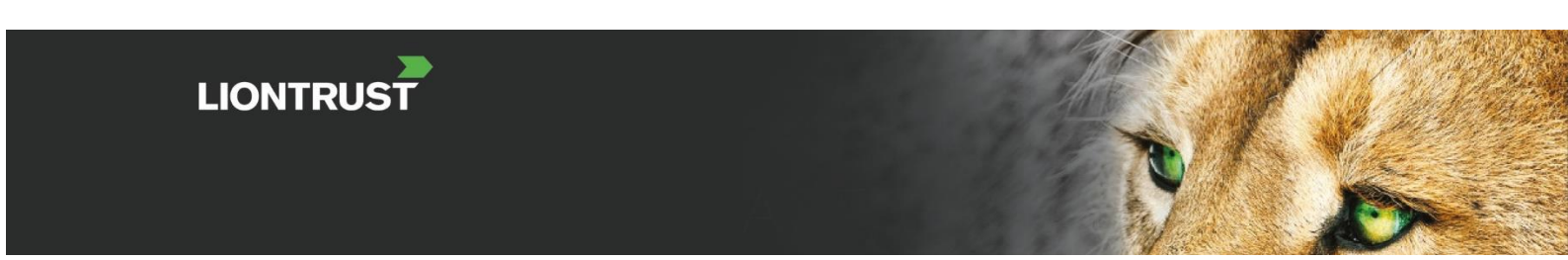
The financial instruments covered by this policy include:

- Equities and Equity-like securities
- Fixed Income securities
- Money market and cash instruments
- Exchange-traded Derivatives
- OTC (over the counter) Derivatives
- Forward Foreign Exchange/NDF

MiFID II RTS 28 Reporting

The data available in this document outlines the top five execution venues by volume traded during the period 1st January 2018 to 31st December 2018. This data is split by asset class and the percentage share of total volume for each venue are provided. The definition of "venue" will be different depending on the asset class in question. For example, for equities and equity like instruments, the venues will be our counterparties, rather than the underlying exchanges. All trades are defined as being "placed" with a broker rather than "executed" directly on an exchange, with the exception of Fixed Income Securities. We are therefore not required to provide Passive/Aggressive trade data for these asset classes. However, in the interest of being as transparent as possible, we have provided this data wherever possible and applicable.

For Fixed Income securities, the securities will have been traded directly on a Multi-Lateral Trading Facility (MTF), which can be reported as a venue. In this case, the MTF data is disclosed initially with the sub-venue (trading counterparties) underneath. Each venue is clearly named in the RTS 28 data provided.



RTS 28 Data

Equities - Shares & Depositary Receipts - Tick size liquidity bands 5 & 6 (from 2000 trades per day)

Client type	Interaction	Class of Instrument	Period start	Period end	Notification if <1 average trade per business day in the previous year
Professional	Placement/transmission	Equities - Shares & Depositary Receipts (T56)	01/01/2018	31/12/2018	N
Top five investment firms 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**
RBC Europe Limited|TXDSU46SXBWIGJ8G8E98	20.76	24.09	51.48	38.54	0
GOLDMAN SACHS INTERNATIONAL|W22LROWP2IHZNBB6K528	19.47	14.66	54.96	31.44	0
JEFFERIES INTERNATIONAL LIMITED|S5THZMDUJCTQZBTRVI98	15.21	20.33	47.83	30.86	0
LIQUIDNET EUROPE LIMITED|213800ZIRB79BE5XQM68	14.29	7.11	40.77	22.49	0
INSTINET EUROPE LIMITED|213800MXAKR2LA1VBM44	9.37	8.96	58.37	29.56	0

Equities - Shares & Depositary Receipts - Tick size liquidity bands 3 & 4 (from 80-1999 trades per day)

Client type	Interaction	Class of Instrument	Period start	Period end	Notification if <1 average trade per business day in the previous year
Professional	Placement/transmission	Equities - Shares & Depositary Receipts (T34)	01/01/2018	31/12/2018	Notification if <1 average trade per business day in the previous year
					N
Top five investment firms 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**
LIQUIDNET EUROPE LIMITED|213800ZIRB79BE5XQM68	15.4	14.97	41.04	30.66	0
Joh. Berenberg, Gossler & Co. KG|529900UC2OD7II24Z667	10.89	3.08	74.2	16.15	0
JEFFERIES INTERNATIONAL LIMITED|S5THZMDUJCTQZBTRVI98	9.89	11.93	48.76	31.03	0
Peel Hunt LLP|5493007DWN0R4YBM4C84	9.08	2.09	48.56	33.56	0
RBC Europe Limited|TXDSU46SXBWIGJ8G8E98	7.4	14.77	50.38	40.55	0

Equities - Shares & Depositary Receipts - Tick size liquidity bands 1 & 2 (from 0-79 trades per day)

Client type	Interaction	Class of Instrument	Period start	Period end	Notification if <1 average trade per business day in the previous year
Professional	Placement/transmission	Equities - Shares & Depositary Receipts (T12)	01/01/2018	31/12/2018	N
Top five investment firms 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**
WINTERFLOOD SECURITIES LIMITED|8BRUP6V1DX3PIG2R0745	18.72	2.25	98.11	0	0
NPLUS1 SINGER CAPITAL MARKETS LIMITED|213800ITO7QMNQ9SFG53	17.25	1.6	0	52.49	0
FINNCAP LTD|213800DSWHX26RRA1N75	10.17	0.8	0	0	0
LIQUIDNET EUROPE LIMITED|213800ZIRB79BE5XQM68	7.01	1.97	52.16	21.45	0
JEFFERIES INTERNATIONAL LIMITED|S5THZMDUJCTQZBTRVI98	5.54	21.25	9.23	26.88	0

Debt Instruments, Bonds - MTFs

Client type	Interaction	Class of Instrument	Period start	Period end	Notification if <1 average trade per business day in the previous year
Professional	Execution	Debt Instruments, Bonds	01/01/2018	31/12/2018	N
Top five platforms 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			
TradeWeb	54.95	37.26			
Bloomberg	41.03	48.06			
MarketAxess	4.02	14.67			

Debt Instruments, Bonds - Trading Counterparties

Client type	Interaction	Class of Instrument	Period start	Period end	Notification if <1 average trade per business day in the previous year
Professional	Placement/transmission	Debt Instruments, Bonds	01/01/2018	31/12/2018	N
Top five investment firms 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			
J.P. Morgan Securities plc | K6Q0W1PS1L1O4IQL9C32	14.12	9.73			
Citigroup Global Markets Limited|XKZZ2JZF41MRHTR1V493	12.09	8.57			
MORGAN STANLEY & CO. INTERNATIONAL PLC|4PQUHN3JPFGFNF3BB653	11.13	11.95			
GOLDMAN SACHS INTERNATIONAL|W22LROWP2IHZNBB6K528	10.61	8.66			
HSBC BANK PLC | MP6I5ZYZBEU3UXPYFY54	9.38	8.16			

Debt Instruments, Money markets instruments - Trading Counterparties

Client type	Interaction	Class of Instrument	Period start	Period end	Notification if <1 average trade per business day in the previous year
Professional	Placement/transmission	Debt Instruments, Money markets instruments	01/01/2018	31/12/2018	N
Top five investment firms 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			
HSBC BANK PLC | MP6I5ZYZBEU3UXPYFY54	23.26	33.12			
GOLDMAN SACHS INTERNATIONAL|W22LROWP2IHZNBB6K528	12.85	8.04			
J.P. Morgan Securities plc | K6Q0W1PS1L1O4IQL9C32	12.56	8.36			
MORGAN STANLEY & CO. INTERNATIONAL PLC|4PQUHN3JPFGFNF3BB653	11.76	12.22			
NatWest Markets | RR3QWICWWIPCS8A4S074	11.45	10.29			

Credit derivatives, Futures and options admitted to trading on a venue

Client type	Interaction	Class of Instrument	Period start	Period end	Notification if <1 average trade per business day in the previous year
Professional	Placement/transmission	Credit derivatives, Futures and options admitted to trading on a venue	01/01/2018	31/12/2018	N
Top five investment firms 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			
UBS Limited|REYPIEJN7XZHSUI0N355	99.89	99.34			
MORGAN STANLEY & CO. INTERNATIONAL PLC|4PQUHN3JPFGFNF3BB653	0.11	0.66			

Credit derivatives, Other credit derivatives

Client type	Interaction	Class of Instrument	Period start	Period end	Notification if <1 average trade per business day in the previous year
Professional	Placement/transmission	Credit derivatives, Other credit derivatives	01/01/2018	31/12/2018	Y
Top five investment firms 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**			
GOLDMAN SACHS INTERNATIONAL|W22LROWP2IHZNBB6K528	39.15	60.32			
BARCLAYS BANK PLC|G5GSEF7VJP5I7OUK5573	24.36	11.11			
UBS Limited|REYPIEJN7XZHSUI0N355	22.4	25.4			
Deutsche Bank Aktiengesellschaft|7LTWFZYICNSX8D621K86	14.09	3.17			

Currency derivatives, Swaps, forwards, and other currency derivatives

Client type	Interaction	Class of Instrument	Period start	Period end	Notification if <1 average trade per business day in the previous year
Professional	Placement/transmission	Currency derivatives, Swaps, forwards, and other currency derivatives	01/01/2018	31/12/2018	Y
Top five investment firms 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**			
The Bank of New York Mellon|HPFHU0OQ28E4N0NFVK49	53.29	24.22			
State Street Bank and Trust Company|571474TGEMMWANRLN572	25.04	49.35			
The Northern Trust Company|6PTKHDJ8HDUF78PFWH30	21.66	26.43			

Equity Derivatives, Options and Futures admitted to trading on a trading venue

Client type	Interaction	Class of Instrument	Period start	Period end	Notification if <1 average trade per business day in the previous year
Professional	Placement/transmission	Equity Derivatives, Options and Futures admitted to trading on a trading venue	01/01/2018	31/12/2018	Y
Top five investment firms 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**			
MORGAN STANLEY & CO. INTERNATIONAL PLC|4PQUHN3JPFGFNF3BB653	99.74	43.75			
UBS Limited|REYPIEJN7XZHSUI0N355	0.26	56.25			

Equity Derivatives, Swaps and other equity derivatives

Client type	Interaction	Class of Instrument	Period start	Period end	Notification if <1 average trade per business day in the previous year
Professional	Placement/transmission	Equity Derivatives, Swaps and other equity derivatives	01/01/2018	31/12/2018	N
Top five investment firms 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**			
GOLDMAN SACHS INTERNATIONAL|W22LROWP2IHZNBB6K528	42.11	20.15			
RBC Europe Limited|TXDSU46SXBWIGJ8G8E98	13.94	21.14			
LIQUIDNET EUROPE LIMITED|213800ZIRB79BE5XQM68	13.62	13.06			
JEFFERIES INTERNATIONAL LIMITED|S5THZMDUJCTQZBTRVI98	8.58	9.45			
DANSKE BANK| MAES062Z21O4RZ2U7M96	3.8	7.84			

Trading Counterparty Selection & Management

The funds that Liontrust manage are exposed to some counterparty risk with the counterparties who we execute transactions through. If a counterparty was to fail, then there would be a small chance that any outstanding trades would be unwound and the fund would be exposed to any change in the value of the traded asset. In the vast majority of cases, trade settlement occurs two days after a trade has been executed (T+2) and with a diverse broker list, the risk of non-settlement is minimal.

The appointment of a new Trading Counterparty is driven by the Head of Trading who is required to consider why we would specifically use this Trading Counterparty and this rationale is documented. The legal documentation (terms of business) is reviewed at point of take on (and when any proposed amendments are received). The suitability of the Trading Counterparty is assessed with reference to their status with the FCA, Companies Register and financial criteria as disclosed in their Annual Report and Accounts. We also consider their settlement record and their market reputation. A sign-off is required by both Compliance and the Trading Team.

Liontrust only uses brokers that are both members of the LSE and are authorised and regulated by the Financial Conduct Authority when investing in the UK. Outside of the UK, if there is no existing UK relationship, Liontrust uses brokers regulated by the regulatory authority of the brokers' host country and all Brokers are compliant with the Markets in Financial Instruments Directive (MiFID II).

Following on from Liontrust's Best Execution Policy, the Trading Desk reviews its counterparties bi-annually. Trading counterparties are judged using both quantitative and qualitative measures. The main quantitative measure is the use of Trade Cost Analysis (TCA). TCA is defined as the study of execution prices to determine whether the prices obtained were favourable – higher prices for sales and lower prices for buys, to simplify things. Liontrust uses third-party TCA providers on equities, fixed income and foreign exchange asset classes. The use of TCA in Fixed Income markets, especially in the case of illiquid credit and high yield, is in it's infancy, however, as well as using a third party TCA provider for the asset class, we also monitor the successful quote rates using data for each broker and employ in depth qualitative analysis in order to select and monitor the brokers' performance.

Although the official counterparty selection procedures are carried out semi-annually, quantitative analysis is also undertaken on a quarterly basis. Should this highlight any deficiencies within the process or with a particular counterparty, then amendments will be made outside of the normal semi-annual review period.

We can now explore each asset class in more detail explaining the process we use to select our venues and counterparties.

Equities

The quantitative factors that are used for equities are based around analysing the Trade Cost Analysis data that is under taken by the Trading Team using a third party TCA provider. Benchmark data such as performance versus Arrival Mid-Price, Arrival Touch-Price and Interval VWAP. We look at the standard deviation around those numbers to look for consistency. Aggression levels are judged looking at the percentage of each brokers' executions that have been passive (i.e executed at the near touch), neutral (executed at the mid-price) or aggressive (executed at the far touch). The percentage of executions that are executed outside of the EBBO is also assessed.

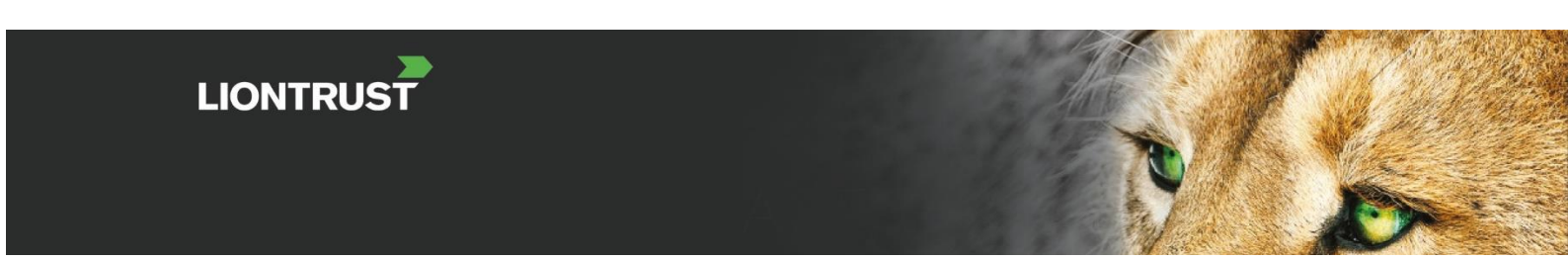
Having a large enough data set is vital when judging broker execution using quantitative measures. Therefore a minimum of ten executions is required per broker. Those brokers with fewer executions can still be measured using TCA, but the higher chance for data skew will be taken into account.

Using the TCA, the brokers are ranked on their historical trading performance versus the Arrival Mid-Price benchmark. Brokers who have executed fewer than ten executions during the past six months are omitted from the quantitative ranking process as outliers will skew the results.

The qualitative factors used are judged by the Traders in the Trading Team as they have daily interactions with Liontrust's brokers. Factors in the qualitative test include:

- Quality of IOI
- Provision of risk capital
- Reduced information leakage
- Ability to find natural liquidity
- Actionable insights, content & service
- Unique liquidity capture
- Ability to provide TCA
- Ability to provide venue analysis
- Expertise in specialist stocks (i.e. small- and micro-cap execution)

Each Liontrust Trader gives a broker a score out of 10 on each of the above factors. These scores are then weighted equally among all members of Liontrust's Trading Team and each broker given an average score. The brokers will then be ranked by these scores.



Once each broker has a quantitative and qualitative ranking, these rankings are then combined to give a final broker ranking position.

The brokers who have the highest ranking will typically be allocated a higher proportion of business for the next six months and the brokers who have the lowest ranking will typically receive a lower proportion of trading for the next six months. The underperforming brokers will also be informed where they have failed so that they can work to improve their performance. This procedure is designed to provide the best possible result for Liontrust's clients in accordance with our Order Execution Policy, however, it may change should it interfere with our best execution obligation and new procures could be brought into force.

Within the broker ranking framework it is important to distinguish between high and low-touch trading desks.

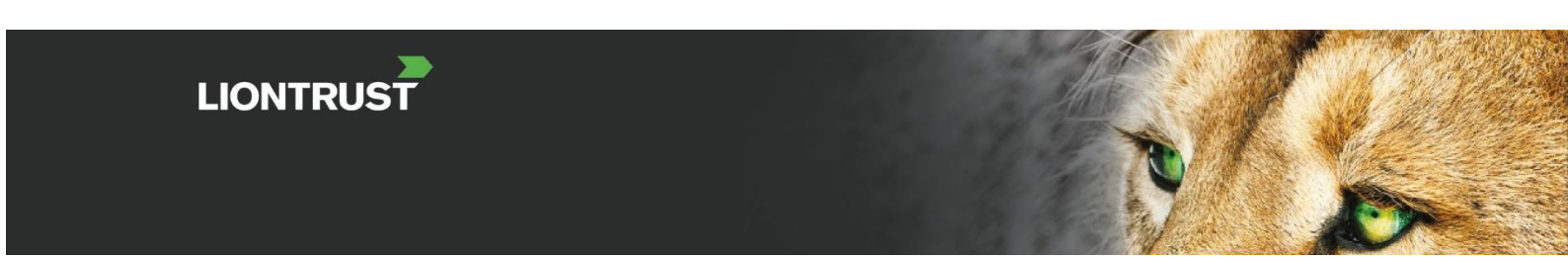
When we are judging the performance of the "low-touch" trading desks (i.e. electronic algorithm trading desks) the weighting between quantitative and qualitative will be weighted 75% towards the quantitative factors, which is of high importance when selecting our algorithmic trading providers.

Liontrust will typically have around six main algorithm providers along with a selection of secondary providers. These are largely going to be the brokers who have produced the best and most consistent performance numbers according to our third party TCA provider. Whoever is bottom of that group of rankings will drop out of the main provider list and will receive a reduced share of Liontrust's algorithm execution business. A provider who was previously not in the main provider list, but who has demonstrated that they have a good product (using both quantitative and qualitative evidence) and that they could add value in the execution process, will be added to the main list and will receive a larger share of algorithmic execution business. The process will take place again in the next semi-annual broker selection review and brokers will once again be ranked and changes made.

A second tier of algorithm execution brokers will exist and although they will not receive a large share of the executions, when of benefit to Liontrust's clients, these brokers will be used.

When it comes to assessing "high-touch" trading desks (i.e. traditional, human and personalised broking), the ranking weighting between quantitative and qualitative factors will be 50-50, as a number of qualitative factors mentioned previously become just as important as the quantitative factors. One example of this will be the broker's ability to find unique liquidity that other counterparties would not be able to find.

This process will form a valuable tool in taking all sufficient steps to provide Liontrust clients with best execution.



Fixed Income

Liontrust will employ both quantitative and qualitative factors for selecting Fixed Income brokers. As previously mentioned, Liontrust also uses third party TCA as one of our quantitative measures, but as Fixed Income TCA is still in its infancy, we will also use a slightly different measures to judge brokers on the quantitative side. We shall use historical trade capture data to look at the number of occasions when each broker were best price on a trade that we requested them to quote on, how many times they were the second best price and the number of times that they quoted overall. We can break this data down by sector, currency and type (i.e. government bonds, credit or high yield for example). Counterparties will be ranked according to their "success" rates.

We will combine this data with qualitative measures such as the number of times they initiate a transaction, the number of times they find the other side of a trade and the quality of quotes they make available on Multi-Lateral Trading Facilities (MTFs). Each trader gives a broker a score out of 10 for each qualitative factor. These scores are weighted equally among the members of the Trading Team and each broker given an average score. The brokers will then be ranked by these scores.

These rankings are then combined with a weighting of 75% given to the quantitative factors and 25% to qualitative factors (as price is ranked as such an important factor). We will then be able to see how our brokers are performing versus their peers. Underperformers will be informed and will receive fewer quote requests unless they improve their performance.

Foreign Exchange

The FX trading platform that Liontrust uses produces Trade Cost Analysis data for the FX transactions that the Trading Desk executes. It will provide the data Liontrust will use to judge brokers on a quantitative basis. We are currently expanding the number of brokers when we received quotes from and once this is implemented, we will quickly and easily be able to use this data to select the best counterparties for our transactions.

Although price will nearly always be the deciding factors when executing FX trades, qualitative factors such as ability to correct settlement issues and market colour will be taken into account. The weightings will be 90% quantitative and 10% qualitative. We will then be able to see how our brokers are performing versus their peers. Underperformers will be informed and will receive fewer quote requests unless they improve their performance.

Some of Liontrust's clients are only able to execute FX through their custodial relationship and in such cases, Liontrust is only able to use that approved counterparty.

Derivatives

Liontrust executes a variety of derivative instruments including both equity and fixed income futures, OTS-equity derivatives among others. Counterparties shall be selected based upon both quantitative and qualitative methods.

On the quantitative side, execution performance versus arrival price shall be monitored for futures for example and pricing versus peers for OTC derivatives. Qualitative factors, such as ability to quote a wide range of OTC options, will also be taken into account.

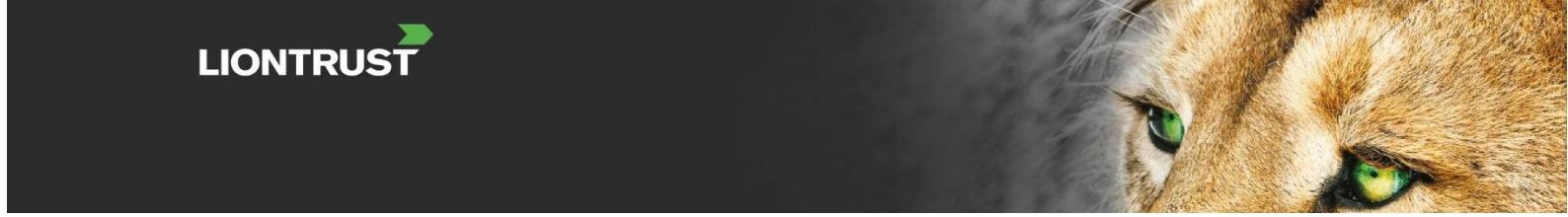
RTS 27 Data

RTS 27 outlines the requirements for trading venues to evidence that they are taking "all sufficient steps" to obtain the best possible results for its clients when executing orders. This includes market makers, systematic internalisers and other liquidity providers. The data made available is currently of limited use, however, as the quality and level of reporting increases, the Liontrust Trading Desk will review it and decide whether there are any actionable insights to be made.

Disclosure of Close Links

Part of RTS 28 requires the disclosure of any close links, conflicts of interest or common ownership of execution venues or counterparties.

Liontrust is a Founding Partner of The Plato Partnership and Liontrust's Head of Trading, Matthew McLoughlin, is a Director and Board Member for The Plato Partnership. The Plato Partnership is a not-for-profit company comprising of asset managers (including Liontrust) and broker dealers who are collaborating to bring creative solutions and efficiencies to today's complex equity market place. The company has a number of partnerships and affiliations with other market participants such as technology vendors and exchanges. A potential conflict could arise as there is the potential to send all, or a disproportionate amount of our flow to venues that have partnership projects with Plato. However, following our Best Execution Policy, we will only ever send orders to venues or exchanges where we can get the best possible results for our clients. Our Head of Trading does not receive any remuneration for his role on the Plato board and neither does Liontrust, so there is no incentive to act as described.



Definitions

MiFID II - The Markets in Financial Instruments Directive is the EU legislation that regulates firms who provide services to clients linked to 'financial instruments' (shares, bonds, units in collective investment schemes and derivatives), and the venues where those instruments are traded.

COBS – The Financial Conduct Authority's Conduct of Business Handbook.

Execution venue – a regulated market, an MTF, OTF, a systematic internaliser (SI) or a market maker, or other liquidity provider or an entity that performs a similar function in a third country to the functions performed by any of the foregoing. They are entities where securities can be traded.

Multi-Lateral Trading Facility (MTF) – means a multi-lateral system, operated by an investment firm or a market operator, which brings together multiple third-party buying and selling interests in financial instruments in the system and in accordance with its non-discretionary rules in a way that results in a contract in accordance with the provisions of Title II of MiFID.

Organised Trading Facility (OTF) - An OTF is a multilateral system that is not a RM or MTF. Within an OTF, multiple third-party buying and selling interests in bonds, structured finance products, emission allowances or derivatives are able to interact in a way that results in a contract. Equities are not permitted to be traded through an OTF. This is a new type of trading venue introduced under MiFID II.

Systematic Internaliser – An investment firm which, on an organised, frequent and systematic basis, deals on its own account by executing client orders outside a regulated market or an MTF.

Bid-Price - The Bid price is the highest price that a buyer wants to display on the primary exchange.

Offer/Ask Price - The Offer/Ask price if the lowest price that a seller wants to display on the primary exchange.

Mid-Price – The price in the middle of the Bid & Offer/Ask Price.

Arrival Mid-Price – Performance benchmark that is the mid-price on the primary exchange at the arrival time of the order.

Arrival Touch-Price - Performance benchmark that is the price available to trade at displayed on the primary exchange in the direction you wish to trade. If you are a Buyer, then the arrival touch-price will be the Offer/Ask-price. If you are a Seller, then the arrival touch-price will be the Bid price on the primary exchange. These prices are taken at the arrival time of the order.

VWAP – Volume Weighted Average Price

Interval VWAP – Performance benchmark that is the VWAP of all public trades on all venues (including MTFs) over the period of the order.

IOI – Indication of Interest. Demonstrates a buyer's or seller's (non-binding) interest in transacting in a security.

EBBO – European Best BID & Offer. It is the current best prices available for buying and selling a security.