

This is the RTS 28 Report of Lightman` Investment Management Limited for the period 01/01/2020 - 31/12/2020. This report also covers information disclosure required under Article 65(6) of the MiFID Delegated Regulations.

Firm background

Lightman Investment Management Limited ("Lightman", the "Firm") is a MiFID investment firm authorised to provide portfolio management services to professional clients. The Firm current clients include UCITS management companies, to whom it provides portfolio management services with respect to assets of UCITS funds

Regulatory background:

Article 65(6) of the MiFID II Delegated Organisational Regulation states that MiFID

"when the investment firm select other firms to provide order execution services, it shall summarise and make public, on an annual basis, for each class of financial instruments, the top five investment firms in terms of trading volumes where it transmitted or placed client orders for execution in the preceding year and information on the quality of execution obtained. The information shall be consistent with the information published in accordance with the technical standards developed under Article 27(10)(b) of Directive 2014/65/EU [RTS 28]."

Further, Article 27(10) of MiFID and Article 3 of RTS 28 states:

"investment firms who execute client orders to summarise and make public on an annual basis, for each class of financial instruments, the top five execution venues in terms of trading volumes where they executed client orders in the preceding year and information on the quality of execution obtained. Information regarding retail clients shall be published in the format set out in Table 1 of Annex II [of RTS 28] and information regarding professional clients shall be published in the format set out in Table 2 of Annex II [of RTS 28]."

Order execution policy:

The Firm currently only trades in listed equities among the list of MiFID financial instruments in Annex I of RTS 28. 100% of orders in equities are executed indirectly by transmitting orders to other investment firms. During the reporting period, the Firm did not trade in any other MiFID instrument.

Accordingly, the disclosure of top five brokers is made. No disclosures on top five execution venues is required as no orders in MiFID financial instruments were executed directly on execution venues.

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Quantitative Report:

| Class of instrument | | (a) Equities - Shares and Depository 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 | Broker LEI | Broker name | | % of VOLUME traded in class | % of ORDERS executed in class | | % of PASSIVE orders* | % of AGGRESSIVE orders* | % of DIRECT ED orders |
| 1 | 549300EF8AZLR G0UC208 | Northern Trust Securities LLP | | 100.00% | 100.00% | | 59.99% | 40.01% | 0.00% |
| 2 | Not applicable | Not applicable | | 0.00% | 0.00% | | 0.00% | 0.00% | 0.00% |
| 3 | Not applicable | Not applicable | | 0.00% | 0.00% | | 0.00% | 0.00% | 0.00% |
| 4 | Not applicable | Not applicable | | 0.00% | 0.00% | | 0.00% | 0.00% | 0.00% |
| 5 | Not applicable | Not applicable | | 0.00% | 0.00% | | 0.00% | 0.00% | 0.00% |
| ~ | Remaining Order Transmission Destinations | | | 0.00% | 0.00% | | 0.00% | 0.00% | 0.00% |
| Total | | | | 100% | 100% | | 60% | 40% | 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 | Broker LEI | Broker name | | % of VOLUME traded in class | % of ORDERS executed in class | | % of PASSIVE orders* | % of AGGRESSIVE orders* | % of DIRECT ED orders |
| 1 | 549300EF8AZLR G0UC208 | Northern Trust Securities LLP | | 100.00% | 100.00% | | 54.14% | 45.86% | 0.00% |
| 2 | Not applicable | Not applicable | | 0.00% | 0.00% | | 0.00% | 0.00% | 0.00% |
| 3 | Not applicable | Not applicable | | 0.00% | 0.00% | | 0.00% | 0.00% | 0.00% |
| 4 | Not applicable | Not applicable | | 0.00% | 0.00% | | 0.00% | 0.00% | 0.00% |
| 5 | Not applicable | Not applicable | | 0.00% | 0.00% | | 0.00% | 0.00% | 0.00% |
| ~ | Remaining Order Transmission Destinations | | | 0.00% | 0.00% | | 0.00% | 0.00% | 0.00% |
| Total | | | | 100% | 100% | | 54% | 46% | 0% |

| Class of instrument | | (a) Equities - Shares and Depository Receipts: (iii) Tick size liquidity bands 1 and 2 (from 0 to 79 trades per day) | | | | | | | |
|---------------------|--|----------------------------------------------------------------------------------------------------------------------|--|--|--|--|--|--|--|
|---------------------|--|----------------------------------------------------------------------------------------------------------------------|--|--|--|--|--|--|--|

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| Notification if < 1 average trade per business day in year | | Yes | | | | | | | |
|------------------------------------------------------------|-------------------------------------------|-------------------------------|--|-----------------------------|-------------------------------|--|----------------------|-------------------------|-----------------------|
| Rank | Broker LEI | Broker name | | % of VOLUME traded in class | % of ORDERS executed in class | | % of PASSIVE orders* | % of AGGRESSIVE orders* | % of DIRECT ED orders |
| 1 | 549300EF8AZLR G0UC208 | Northern Trust Securities LLP | | 100.00% | WP | | 64.29% | 35.71% | 0.00% |
| 2 | Not applicable | Not applicable | | 0.00% | 0.00% | | 0.00% | 0.00% | 0.00% |
| 3 | Not applicable | Not applicable | | 0.00% | 0.00% | | 0.00% | 0.00% | 0.00% |
| 4 | Not applicable | Not applicable | | 0.00% | 0.00% | | 0.00% | 0.00% | 0.00% |
| 5 | Not applicable | Not applicable | | 0.00% | 0.00% | | 0.00% | 0.00% | 0.00% |
| ~ | Remaining Order Transmission Destinations | | | 0.00% | 0.00% | | 0.00% | 0.00% | 0.00% |
| Total | | | | 100% | 0% | | 64% | 36% | 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:

- ŸŸ (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:

RTS 28 also provides qualitative reporting criteria. The Firm's assessment of execution quality against these criteria is provided below.

| | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Article 3(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>The Firm places utmost emphasis on the probability of execution. The Firm's current investment strategy of investing in highly liquid listed equities makes this easily achievable under normal market conditions. Following this, the second priority factor is total consideration. The Firm regularly (at least monthly) reviews its total cost of execution and adjusts its execution strategy accordingly. Towards this, the Firm also places priority on pre-trade analysis arrangements at the broker.</p> |
| <p>(b) a description of any close links, conflicts of interests, and common ownerships with respect to any execution venues/brokers used to execute orders;</p> | <p>The Firm only used one broker for execution of its orders. The Firm does not have any close links, conflict of interest, or common ownership with the broker.</p> <p>The Firm would like to note that the same group has been appointed by the client as custodian and valuation agent.</p> |
| <p>(c) a description of any specific arrangements with any execution venues/brokers regarding payments made or received, discounts, rebates or non-monetary benefits received;</p> | <p>Not applicable - no such arrangement.</p> |
| <p>(d) an explanation of the factors that led to a change in the list of execution venues/brokers listed in the firm's execution policy, if such a change occurred;</p> | <p>Not applicable - No such changes.</p> |
| <p>(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;</p> | <p>Not applicable - the Firm only deals with one category of clients - professional clients.</p> |

| | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>(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;</p> | <p>Not applicable - the Firm does not deal with Retail Clients.</p> |
| <p>(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> | <p>The Firm uses third party agencies to conduct monthly execution quality assessment. These reports include benchmark costs of execution.</p> <p>The Firm reviewed RTS 28 report produced by its brokers in its due diligence.</p> |
| <p>(h) where applicable, an explanation of how the investment firm has used output of a consolidated tape provider established under Article 65 of Directive 2014/65/EU.</p> | <p>The Firm executes orders indirectly through brokers, who have discretion on the execution venue. The Firm does not specify any execution venue in its orders.</p> <p>The broker regularly reviews execution quality data made available by trading venues and investment firms (including systematic internaliser).</p> |

Summary of Analysis:

The Firm monitors execution quality against multiple execution factors. The first line of analysis is carried out by the portfolio manager who also initiates trade orders to broker. The second line of monitoring is carried out by the compliance officer, who reviews execution quality on a monthly basis.

- Proportion of filled orders vs part-filled orders. Except a few 'day' order that remained partially filled on the day, all orders were filled by the broker. In percentage terms, 99.4% of the orders were filled and only 0.6% of the orders were partially filled. It is worth noting that all the partially filled orders were "day" orders.
- Speed of execution - More than 95% of the orders were executed within a few minutes of being routed to the broker, subject to minimising slippage. Orders were broken down

into several smaller clips and only a small proportion of the interval volume was used. Order sizes were generally a small proportion of the ADV.

- Cost of execution - Almost 75% of the orders were executed at 5bps explicit brokerage costs (before any taxes), 18% of the orders at less than 5bps and approx. 3% at 6 bps while the rest were executed in specie at 0%.
- Total consideration - Execution total cost was monitored against arrival price and broker's benchmark execution costs. Most of the orders were executed very close to the broker's benchmark execution cost. Outliers were studied specifically and discussed with the broker to understand specific reasons for deviation and for adjusting future execution strategy.
- A few other factors were also monitored on a case-by-case basis, details of which are not included in this report.

Conclusion:

The Firm views its execution quality was satisfactory and that it has taken regular review and remedial steps wherever required. The Firm also discusses execution quality in its quarterly management committee meetings where the members have regularly reviewed and signed off on execution strategies.

Contact for further information:

Clients can contact us at compliance@lightmanfunds.com for further information on execution quality information.

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