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Hermes Investment Management

TOP FIVE VENUES EXECUTION REPORT FOR 2018

RTS28

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GLOSSARY OF ABBREVIATIONS AND TERMS

Abbreviation/term	Definition
Aggressive orders	Aggressive order means an order entered into the order book that took liquidity.
CF Global	CF Global Trading UK Limited
Directed orders	Directed order means an order where a specific execution venue was specified by the client prior to the execution of the order.
FCA	Financial Conduct Authority
HIML	Hermes Investment Management Limited
MiFID	Markets in Financial Instruments Directive (MiFID).
OTC	Over-the-counter (OTC) is a security traded outside of a formal exchange via an agreement between two parties.
Passive orders	Passive order means an order entered into the order book that provided liquidity.
P-note	Participatory notes, also referred to as "P-notes," are financial instruments used by investors to get access to markets where securities cannot be purchased directly.
Total Return Swap (TRS)	A total return swap is a swap agreement in which one party makes payments based on a set rate, either fixed or variable, while the other party makes payments based on the return of an underlying asset. The asset is owned by the party receiving the set rate payment.
Venue	A venue is where a client order is executed. For this report we show the legal name of the venue that the order was passed to.

INTRODUCTION

This report provides information on the venues Hermes traded with on behalf of clients in 2018. The report is broken down into asset classes that are specified under MiFID II regulation. For each asset class information is provided on the top 5 venues that Hermes traded with. A copy of Hermes' Execution Policy can be found on Hermes' website at <https://www.hermes-investment.com/sg/about-us/policies-and-disclosures/>

Hermes' Central Dealing Desk

Hermes uses the Central Dealing Desk model to ensure segregation of duties. Portfolio managers are responsible for the investment decision to trade which is then routed to the Central Dealing Desk for execution. The regulated entity carrying out Hermes' trading is Hermes Investment Management Limited (HIML).

The Central Dealing Desk is made up of a team of experienced dealers with wide knowledge of the markets and instruments Hermes deals in. It is their job to focus on achieving the best possible execution of trades on behalf of clients. The Central Dealing Desk is responsible for selecting the venues to execute orders.

For equity investment teams the Central Dealing Desk operates a hybrid dealing model using both an internal dealing desk and an outsourced external dealing desk operated by CF Global Trading UK Limited (CF Global). Hermes transmits orders to CF Global to execute orders for portfolios managed by Hermes' Global Emerging Markets and Asia ex-Japan equity teams as this provides local market coverage for markets which operate outside of standard UK business hours. CF Global execute orders in alignment with Hermes' Execution Policy. Hermes has oversight over and monitors the quality of execution of CF Global trades.

Venue selection

Hermes take into consideration a range of different factors when determining how to obtain the best possible result. These factors are price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of an order. The venue selected for execution is a result of these factors.

Client categorisation

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

Trading venues

Hermes is an asset manager and has no affiliates that operate as a trading venue.

Trading commission and non-monetary benefits

Hermes does not receive any commissions, rebates, discounts or non-monetary benefits from trading venues.

Directed trading

Hermes' does not currently place any client directed trades.

Passive and aggressive orders

Some orders placed by broker venues on behalf of Hermes' clients are traded passively or aggressively in the market. The percentage breakdown of passive and aggressive orders is provided within the top five venue reporting tables for relevant asset classes. Where the trading venue has not returned the last liquidity indicator to Hermes the passive or aggressive indicator is considered null in the calculation of venue reporting tables.

Trading Venue

As stipulated in Hermes Execution policy the execution venue list is not exhaustive and subject to change thus trading venues listed within this report may differ from those listed in the policy. Venue selection is dependent on numerous factors, including but not limited to regular review of execution quality.

RTS 27

Where applicable RTS 27 reports have been accessed and reviewed.

Consolidated tape provider

We do not use the output of a consolidated tape provider.

Governance

Hermes has a governance structure to oversee execution arrangements. The Hermes Best Execution Committee provides oversight of ongoing adherence to the Hermes Best Execution Policy. The results of Front Office and Compliance monitoring are reviewed at Best Execution Committee. The Hermes Portfolio Review Committee (PRC) is responsible for overseeing the Best Execution Committee and Hermes' best execution arrangements. The Chair of PRC is the Head of Investment.

TOP FIVE VENUE REPORTING BY ASSET CLASS FOR TRADES EXECUTED BY HERMES

The following tables refer to trading executed by the Hermes Central Dealing team.

Equities – Shares & depositary receipts – Tick Size liquidity bands 5 and 6 (from 2000 trades per day)

Notification if < 1 average trade per business day in the previous year: No

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
KEPLER CHEUVREUX 9695005EOZG9X8IRJD84	27.86	20.29	28.03	48.07
INSTINET EUROPE LIMITED 213800MXAKR2LA1VBM44	14.54	27.13	36.84	26.59
MORGAN STANLEY & CO. INTERNATIONAL PLC 4PQUHN3JPFQFNF3BB653	8.2	12.47	39.37	0.06
Joh. Berenberg, Gossler & Co. KG 529900UC2OD7II24Z667	6.42	1.69	–	–
JEFFERIES INTERNATIONAL LIMITED S5THZMDUJCTQZBTRVI98	5.73	5.92	40.28	24.7

Equities – Shares & depositary receipts – Tick Size liquidity bands 3 and 4 (from 80 to 1999 trades per day)

Notification if < 1 average trade per business day in the previous year: No

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
INSTINET EUROPE LIMITED 213800MXAKR2LA1VBM44	21.46	46.88	33.41	33.91
KEPLER CHEUVREUX 9695005EOZG9X8IRJD84	14.64	7.74	38.02	48.67
MORGAN STANLEY & CO. INTERNATIONAL PLC 4PQUHN3JPFQFNF3BB653	13.95	13.53	44.76	2.6
RBC Europe Limited TXDSU46SXBWIGJ8G8E98	7.8	7.46	–	–
JEFFERIES INTERNATIONAL LIMITED S5THZMDUJCTQZBTRVI98	6.13	3.91	25.07	24.85

Equities – Shares & depositary receipts – Tick Size liquidity bands 1 and 2 (from 0 to 79 trades per day)

Notification if < 1 average trade per business day in the previous year: No

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
INSTINET EUROPE LIMITED 213800MXAKR2LA1VBM44	30.8	43.36	7.2	22.84
JEFFERIES INTERNATIONAL LIMITED S5THZMDUJCTQZBTRVI98	19.52	13.61	0.05	0.42
RBC Europe Limited TXDSU46SXBWIGJ8G8E98	10.46	12.04	–	–
MORGAN STANLEY & CO. INTERNATIONAL PLC 4PQUHN3JPFQFNF3BB653	7.37	12.36	16.26	9.08
Virtu Financial Ireland Limited 549300XG5LFGN1IGYC71	7.28	4.92	0.07	0.16

Equities – Shares & depositary receipts – Tick Size liquidity bands (Unknown)

Notification if < 1 average trade per business day in the previous year: No

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
INSTINET EUROPE LIMITED 213800MXAKR2LA1VBM44	39.45	63.47	6.35	12.5
JEFFERIES INTERNATIONAL LIMITED S5THZMDUJCTQZBTRVI98	16.57	3.94	0.71	1.67
MORGAN STANLEY & CO. INTERNATIONAL PLC 4PQUHN3JPFQFNF3BB653	10.33	13.39	9.5	4.37
KEPLER CHEUVREUX 9695005EOZG9X8IRJD84	9.45	1.97	19.69	40.97
MACQUARIE CAPITAL (EUROPE) LIMITED 549300GX4FPMFF91RJ37	5.96	6.37	11.33	7.7

The primary factors considered when trading equities are price and size. The venues selected for execution were a result of these factors. The relative importance of all execution factors considered is variable as each client order is unique in characteristics and market conditions vary.

The information in the tables above is for all Hermes' equity trades except those for the Global Emerging Markets and Asia ex-Japan products which are transmitted to CF Global for processing.

The execution provided by the top five venues has consistently provided a reliable quality of execution on a global basis with live market coverage around the world. In 2018 a significant portion of trading volume was the result of several large transitions across Hermes' equity products where trading venues with global market coverage are prioritised. Hermes utilise an independent Transaction Cost Analysis service to monitor and review execution quality of trading venues on a regular basis and employ a series of performance measures to inform ongoing trading venue selection. In 2018 Hermes increased the usage of Direct Electronic Access strategies as part of the ongoing commitment to manage execution quality and reduce explicit execution costs. Tick size liquidity bands, as defined by ESMA, have been introduced in the 2018 reports. The table representing Tick Size 'unknown' accounts for the securities traded that do not have an associated tick size classification available at the time of report production. For client orders in the less liquid tick size liquidity bands likelihood of execution becomes a more important execution factor.

Equity Derivatives – Swaps and other equity derivatives

Notification if < 1 average trade per business day in the previous year: Yes

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
MACQUARIE BANK LIMITED 4ZHCHI4KYZG2WVRT8631	100	100	–	–

The primary trading factors considered for this asset class when selecting the venue were price and likelihood of execution and settlement.

In 2018 Hermes held one total return swap (TRS) which was an over the counter (OTC) derivative product based upon the closing prices of listed products. Hermes had transparency of the price making up the value of the TRS. This is a unique product which cannot be exchanged with other counterparties, therefore only one venue was used for this asset class in 2018.

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

Notification if < 1 average trade per business day in the previous year: No

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
MORGAN STANLEY & CO. INTERNATIONAL PLC 4PQUHN3JPFQFNF3BB653	100	100	–	–

The primary trading factors considered for this asset class when selecting the venue were price and likelihood of execution and settlement.

In 2018 futures were traded on behalf of one portfolio. The size of these trades was small and this resulted in all the orders being placed with one broker. It was considered that speed and efficiency were important factors and would help to achieve the best price and result for the size of orders placed.

Debt instruments – Bonds

Notification if < 1 average trade per business day in the previous year: No

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
HERMES INVESTMENT MANAGEMENT LTD JSIUP508MD2LG5X2QY79	18.92	32	–	–
GOLDMAN SACHS INTERNATIONAL W22LROWP2IHZNBB6K528	13.54	10.26	–	–
BARCLAYS BANK PLC G5GSEF7VJP5I7OUK5573	8.17	6.08	–	–
Bank of America, National Association B4TYDEB6GKMZO031MB27	6.77	5.3	–	–
Credit Suisse Securities (Europe) Limited DL6FFRRLF74S01HE2M14	6.33	4.97	–	–

The primary trading factors considered for this asset class when selecting the venue were price and size. The top five venues appearing in the table are a result of the primary trading factor for this asset class being price and size. For more illiquid names the likelihood of execution becomes an increasingly important factor. Hermes are the most utilised trading venue. The orders executed on Hermes trading venue represent internal cross transactions. Internal cross transactions are only executed for permitted accounts. Internal cross transactions are executed at the mid of composite market quotes obtained and evidenced to compliance. Both sides of the internal cross are represented in the above table contributing to the position within the table. Multiple quotes are sought for all bond trades with the best available price being taken. Quotes obtained are referenced against external pricing sources and trade reporting facilities. In 2018 there was an increase in trading activity on electronic trading platforms. An independent Transaction Cost Analysis service is utilised to review trading venue performance which in turn informs ongoing trading venue selection.

Credit derivatives – Other derivatives

Notification if < 1 average trade per business day in the previous year: No

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
Citigroup Global Markets Limited XKZZZJZF41MRHTR1V493	27.63	4.91	–	–
BNP PARIBAS ROMUWSFPU8MPRO8K5P83	23.41	6.12	–	–
MORGAN STANLEY & CO. INTERNATIONAL PLC 4PQUHN3JPFQFN3BB653	21.39	7.01	–	–
GOLDMAN SACHS INTERNATIONAL W22LROWP2IHZNBB6K528	10.39	38.93	–	–
J.P. MORGAN SECURITIES PLC K6QOW1PS1L1O4IQL9C32	5.87	12.09	–	–

The primary trading factors considered for this asset class when selecting the venue were price and size. In 2018 options began trading leading to an increase in volume. In addition, volumes increased due to multiple fund launches. In comparison to 2017 trading we see more diversified trading venue use in terms of proportion of orders executed. Contract rolls are included in the calculation of the above table. Credit derivative orders are monitored.

Currency derivatives – Swaps, forwards, and other currency derivatives

Notification if < 1 average trade per business day in the previous year: No

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
HSBC BANK PLC MP6I5ZYZBEU3UXPYFY54	52	22.69	–	–
BARCLAYS BANK PLC G5GSEF7VJP5I7OUK5573	17.01	20.72	–	–
State Street Bank and Trust Company 571474TGEMMWANRLN572	14.81	14.47	–	–
The Northern Trust Company 6PTKHDJ8HDUF78PFWH30	12.43	30.3	–	–
Commonwealth Bank of Australia MSFSBD3QN1GSN7Q6C537	3.21	7.23	–	–

The majority of trades were for swaps where quotes were sought with the top venues consistently providing the best prices. Forwards were the other instrument traded where venue selection was driven by the best available price at the time of trading from Hermes' approved list of counterparties. HSBC Bank PLC are the most utilised trading venue due to large value transactions executed on behalf of an individual portfolio. The proportion of orders indicates a more diversified view of trading venue utilisation than review of proportion of volume.

Debt instruments – Money market instruments

Notification if < 1 average trade per business day in the previous year: Yes

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
MORGAN STANLEY & CO. INTERNATIONAL PLC 4PQUHN3JPFQFNF3BB653	23.33	5.4	–	–
Citigroup Global Markets Limited XKZZ2JZF41MRHTR1V493	23.24	22.36	–	–
SOCIETE GENERALE INTERNATIONAL LIMITED 0IKLU6X1B10WK7X42C15	15.64	8.1	–	–
Bank of America, National Association B4TYDEB6GKMZO031MB27	11.97	17.56	–	–
WELLS FARGO SECURITIES INTERNATIONAL LIMITED BWS7DNS2Z4NPKPNYKL75	10.55	14.18	–	–

The primary trading factors considered for this asset class when selecting the venue were price and size. All trading is completed based on best price/yield and all trading is completed on electronic platforms. Trading venue selection is based on the best price available on electronic platforms. An independent Transaction Cost Analysis service is used to review performance measures which can inform counterparty selection.

Exchange traded products

Notification if < 1 average trade per business day in the previous year: Yes

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
INSTINET EUROPE LIMITED 213800MXAKR2LA1VBM44	66.98	55	37.85	33.86
MORGAN STANLEY & CO. INTERNATIONAL PLC 4PQUHN3JPFQFNFB653	21.23	20	25	25
NUMIS SECURITIES LIMITED 213800P3F4RT97WDSX47	11.66	20	21.66	25
Virtu Financial Ireland Limited 549300XG5LFGN1IGYC71	0.13	5	–	–

The primary trading factors considered for this asset class when selecting the venue were price and likelihood of execution and size.

The instruments traded in this category were primarily Exchange Traded Funds (ETFs). Hermes only trades in these on a very limited basis, with ETFs traded to manage equity exposure during an individual portfolio's transition flows. Price being the primary consideration. The counterparties were selected based on factors of price and likelihood of execution.

TOP FIVE VENUE REPORTING BY ASSET CLASS FOR ORDERS TRANSMITTED BY HERMES TO CF GLOBAL

The following tables are for orders where Hermes does not pass the order directly to a venue to execute but transmits the orders to CF Global for them to select the venue to execute the order on behalf of our clients. This arrangement is in place for Hermes' Emerging Markets and Asia ex-Japan teams only and does not apply to any other investment teams within Hermes. CF Global follow Hermes' Execution Policy and Hermes' authorised counterparties when seeking best execution.

Comment on the below tables

For equity investment teams the Central Dealing Desk operates a hybrid dealing model using both an internal dealing desk and an outsourced external dealing desk operated by CF Global Trading UK Limited (CF Global).

Hermes transmits orders to CF Global to execute orders for portfolios managed by Hermes' Global Emerging Markets and Asia ex-Japan equity teams as this provides live local market coverage for markets which operate outside of standard UK business hours where Hermes' trading desk is based. Hermes' has oversight over and monitors the quality of execution of CF Global trades which have consistently achieved a high standard of executions for our clients.

Tables showing the top five venues used by CF Global to execute orders are shown in the **next section** of this report.

Equities – Shares & depositary receipts – Tick Size liquidity bands 5 and 6 (from 2000 trades per day)

Notification if < 1 average trade per business day in the previous year: No

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
CF Global Trading UK Limited 213800FZY2ZRXF16H814	100	100	–	–

Equities – Shares & depositary receipts – Tick Size liquidity bands 3 and 4 (from 80 to 1999 trades per day)

Notification if < 1 average trade per business day in the previous year: No

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
CF Global Trading UK Limited 213800FZY2ZRXF16H814	100	100	–	–

Equities – Shares & depositary receipts – Tick Size liquidity bands 1 and 2 (from 0 to 79 trades per day)

Notification if < 1 average trade per business day in the previous year: No

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
CF Global Trading UK Limited 213800FZY2ZRXF16H814	100	100	–	–

Equities – Shares & depositary receipts – Tick Size liquidity bands (Unknown)

Notification if < 1 average trade per business day in the previous year: No

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
CF Global Trading UK Limited 213800FZY2ZRXF16H814	100	100	–	–

The primary factors when trading equities were price and size.

Securitized derivatives – Warrants and certificate derivatives

Notification if < 1 average trade per business day in the previous year: No

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
CF Global Trading UK Limited 213800FZY2ZRXF16H814	100	100	–	–

The primary trading factors considered for this asset class when selecting the venue were price and size.

Exchange traded products

Notification if < 1 average trade per business day in the previous year: No

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
CF Global Trading UK Limited 213800FZY2ZRXF16H814	100	100	–	–

The primary trading factors considered for this asset class when selecting the venue were price and size. Exchange Traded Funds (ETFs) were the only instruments in this asset class.

TOP FIVE VENUE REPORTING BY ASSET CLASS FOR CF GLOBAL EXECUTED TRADES

The following tables show the top five venues where CF Global have executed trades on behalf of clients in Hermes' Emerging Markets and Asia ex-Japan products. It should be noted that these products mainly trade in equity related instruments.

Equities – Shares & depositary receipts – Tick Size liquidity bands 5 and 6 (from 2000 trades per day)

Notification if < 1 average trade per business day in the previous year: No

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
INVESTMENT TECHNOLOGY GROUP LIMITED 213800EEC95PRUCEUP63	45.94	53.47	–	–
INSTINET EUROPE LIMITED 213800MXAKR2LA1VBM44	21.04	18.96	–	–
Credit Suisse Securities (Europe) Limited DL6FFRRLF74S01HE2M14	20.36	15.51	–	–
Citigroup Global Markets Limited XKZZ2JZF41MRHTR1V493	11.53	10.34	–	–
Investec Bank PLC 8450VF8TSMH0T6D4K848	1.13	1.72	–	–

Equities – Shares & depositary receipts – Tick Size liquidity bands 3 and 4 (from 80 to 1999 trades per day)

Notification if < 1 average trade per business day in the previous year: No

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
INSTINET EUROPE LIMITED 213800MXAKR2LA1VBM44	66.53	38.62	–	–
INVESTMENT TECHNOLOGY GROUP LIMITED 213800EEC95PRUCEUP63	13.51	30.93	–	–
UBS AG BFM8T61CT2L1QCCEMIK50	5.09	6.99	–	–
Credit Suisse Securities (Europe) Limited DL6FFRRLF74S01HE2M14	4.83	11.01	–	–
CLSA (UK) 213800VZMAGVIU2IJA72	4.42	2.75	–	–

Equities – Shares & depositary receipts – Tick Size liquidity bands 1 and 2 (from 0 to 79 trades per day)

Notification if < 1 average trade per business day in the previous year: No

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
INSTINET EUROPE LIMITED 213800MXAKR2LA1VBM44	54.17	54.82	–	–
CLSA (UK) 213800VZMAGVIU2IJA72	13.23	11.62	–	–
DAIWA CAPITAL MARKETS EUROPE LIMITED MIM2K09LFYD4IB163W58	11.1	17.55	–	–
Deutsche Bank Aktiengesellschaft 7LTFWFZYICNSX8D621K86	4.98	0.5	–	–
UBS AG BFM8T61CT2L1QCCEMIK50	2.78	2.81	–	–

Equities – Shares & depositary receipts – Tick Size liquidity bands (Unknown)

Notification if < 1 average trade per business day in the previous year: No

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
CLSA (UK)213800VZMAGVIU2IJA72	34	31	–	–
DAIWA CAPITAL MARKETS EUROPE LIMITEDMIM2K09LFYD4IB163W58	15.58	25.15	–	–
HSBC BANK PLCMP6I5ZYZBEU3UXPYFY54	12.87	12.3	–	–
INSTINET EUROPE LIMITED213800MXAKR2LA1VBM44	11.4	15.01	–	–
Itau BBA USA Securities, Inc.5493008E85XK12EKYI22	5.39	2.12	–	–

The primary factors considered when trading equities are price and size. The venues selected for execution were a result of these factors. Due to the uniqueness of client orders and market conditions, the importance of execution factors may vary. Hermes transmits orders from our Emerging Markets and Asia ex-Japan products for processing with venues. The trading venues reported above have provided a consistent level of execution quality in 2018. The top providers additionally provide Direct Electronic Access services across applicable emerging markets. Hermes utilise independent transaction cost analysis service to monitor and review execution quality of CFG equity trading. Regular reviews are conducted and fed back to CFG to inform counterparty selection. CFG's trading venue selection adheres to Hermes approved counterparty list.

Securitized derivatives – Warrants and certificate derivatives

Notification if < 1 average trade per business day in the previous year: Yes

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
CLSA (UK) 213800VZMAGVIU2IJA72	66.89	58.17	–	–
MORGAN STANLEY & CO. INTERNATIONAL PLC 4PQUHN3JPFQFNF3BB653	23.98	26.53	–	–
Citigroup Global Markets Limited XKZZ2JZF41MRHTR1V493	8.81	10.2	–	–
HSBC BANK PLC MP6I5ZYZBEU3UXPYFY54	0.32	5.1	–	–

The primary trading factors considered for this asset class when selecting the venue were price and size.

Activity in 2018 was related to p-notes. Hermes p-note trading that reduced in volume as foreign investor direct access to domestic markets has increased. As p-note providers continually reduce the utilisation of trading venues is largely dependent on market of the p-note traded. P-note transactions costs are regularly monitored by front office and can be used to inform trading venue selection.

Exchange traded products

Notification if < 1 average trade per business day in the previous year: No

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
INSTINET EUROPE LIMITED 213800MXAKR2LA1VBM44	90.47	85.12	–	–
UBS AG BFM8T61CT2L1QCCEMIK50	6.11	4.25	–	–
INVESTMENT TECHNOLOGY GROUP LIMITED 213800EEC95PRUCEUP63	2.22	6.38	–	–
COMMERZBANK Aktiengesellschaft 851WYGNLUQLFZBSYGB56	1.2	4.25	–	–

The primary trading factors considered for this asset class when selecting the venue were price and size.

The instruments traded in this category were Exchange Traded Funds (ETFs). Hermes only trades in these on a limited basis with price being the primary consideration.