

Towers Watson Investment Management Limited – Order Execution Reporting for Calendar Year 2020

The following tables comprise the annual report that Towers Watson Investment Management Limited (TWIM) is required to make public to its clients. It is essential to enable the public and investors to evaluate the quality of an investment firm’s execution practices and to identify the top five execution venues in terms of trading volumes where investment firms executed client orders in the preceding year.

This section of the report applies to those trades that were executed by TWIM in its capacity as investment manager to Towers Watson Investment Management (Ireland) Limited, over calendar year 2020.

The report comprises the following two sections:

- 1) Information on the top 5 Execution venues
- 2) Summary analysis of execution quality in relation to top 5 Execution venues

Section 1) TWIM – Information on top 5 Execution Venues – Collective Investment Schemes

Class of instrument	Other instruments (Regulated and unregulated open-ended collective investment schemes)	
Notification if <1 average trade per business day in the previous year	No – Greater than 1 trade was executed, on average per business day, during calendar year 2020.	
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 a percentage of total in that class
Blackrock Asset Management Ireland Limited 5493004330BCAPB3GT42	52.78%	72.23%
Northern Trust Global Funds PLC 635400FIZRUST8ZI7Z42 635400RBWZTUGZWAHM49	19.08%	13.33%
The Asset Management Exchange (Ireland) Limited 6354003NSK9QPFTK6U08	8.69%	4.06%
BNY Mellon Fund Management (Luxembourg) S.A. 5N2ES2M2WGR2TO0Q5G40	2.39%	0.66%
Legal & General Investment Management Limited 2138005NNERSR7ODIC73	1.81%	1.37%

TWIM – Information on top 5 Execution Venues – FX Forwards

Class of instrument	Derivatives (FX Forwards)	
Notification if <1 average trade per business day in the previous year	No – Greater than 1 trade was executed, on average per business day, during calendar year 2020.	
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 a percentage of total in that class
The Bank of New York Mellon HPFHU00Q28E4N0NFVK49	63.17%	24.25%
The Northern Trust Company 6PTKHDJ8HDUF78PFWH30	30.43%	65.70%
Mesirow Financial, Inc. 549300BIV46SUHPOFE54	6.40%	10.05%

Section 2) TWIM - Summary analysis of execution quality – Collective Investment Schemes

Class of instrument	Other instruments – (Regulated and unregulated open-ended collective investment schemes)
Requirement	Explain the relative importance given to the execution factors of price, costs, speed, likelihood of execution or any other consideration including qualitative factors when assessing the quality of execution
TWIM Response	<p>The orders tend to be placed through the completion of a subscription or redemption form which is sent to the relevant collective investment scheme’s Administrator.</p> <p>In respect of collective investment scheme orders TWIM considers that price is not a factor when assessing the quality of execution as there is only one route to execution, for each transaction, through which the price of the transaction is determined. The costs of each transaction are fixed so cost is also not a factor when assessing the quality of execution. The speed of execution is not a factor to be considered as there are pre-agreed dealing times for subscribing and redeeming collective investment schemes, as dictated by the venue. We consider that the size of the order is a factor in assessing the quality of execution, however, this is only a factor if a dilution levy is applied to the order.</p> <p>In assessing the quality of execution TWIM for transactions in collective investment schemes, we place relatively high importance on how quickly the order to subscribe or redeem units is transacted.</p>
Requirement	Describe any close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders
TWIM Response	<p>Close links</p> <p>Of the execution venues, The Asset Management Exchange (AMX) is a Close Link of TWIM as both entities are part of the Willis Towers Watson group. Controls are in place to ensure that any transactions are conducted on an arms’ length basis – and only when it is in the client’s best interest to do so.</p> <p>Conflicts of interest</p> <p>There were no conflicts of interest identified during calendar year 2020.</p> <p>If, for a particular investment opportunity, there is more demand from clients than available capacity, we apply our Fair Allocation Policy, which ensures that no client, or group of clients, is given preferential treatment over any other.</p> <p>Common ownerships</p> <p>As reported above, on the basis of our group structure we have common ownership with The Asset Management Exchange (AMX) only. The extent of the ownership is, however, somewhat diluted due to characteristics of the Willis Towers Watson Group structure.</p>
Requirement	Describe any specific arrangements that the Firm has with execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received
TWIM Response	All arrangements that we have with execution venues ensure that we get the best possible outcome for our clients. All the fee discounts and rebates in their entirety

	<p>flow through and benefit our clients and do not benefit the firm in any way. We do not receive from or provide any payments or non-monetary benefits to asset managers other than payments for services that they provide to us. We have fee discount arrangements in place with four of the top five execution venues reported. The fee discounts are for some, but not all, of the products managed by each of the execution venues.</p> <p>We have two gifts and hospitality policies as follows:</p> <p>1) Group-wide Anti-bribery and Corruption Gifts and Hospitality policy (GEHP). The GEHP is focused on both accepting and giving gifts, entertainment and hospitality from both suppliers and third party organisations including investment managers and clients of TWL.</p> <p>2) MiFID II Inducements policy – This policy is focused on the acceptance or giving of non-monetary benefits from/to non-clients and includes treatment of investment research as an inducement.</p> <p>We have assessed all records of Gifts and Hospitality received over calendar year 2020, in relation to the top five venues with which TWIM has transacted over the period. The following sets out the number of Gifts and Hospitality records logged in respect of each venue. All records relate to the receipt of non-monetary benefits of a minor nature.</p> <p>Venue 1: BlackRock Asset Management Ireland Limited Number of Gifts and Hospitality records: Zero</p> <p>Venue 2: Northern Trust Global Funds PLC Number of Gifts and Hospitality records: Zero</p> <p>Venue 3: The Asset Management Exchange (Ireland) Limited Number of Gifts and Hospitality records: Zero</p> <p>Venue 4: BNY Mellon Fund Management (Luxembourg) S.A. Number of Gifts and Hospitality records: Zero</p> <p>Venue 5: Legal & General Investment Management Limited Number of Gifts and Hospitality records: Zero</p>
Requirement	Explain the factors that led to a change in the list of the Firm’s execution venues listed in the Firm’s execution policy, if such a change occurred.
TWIM Response	The TWIM execution venues are shown in section 1, the changes from the previous year’s report are due to changes in investment selection. During 2020 the investment activity in Towers Watson Investment Management Limited was replaced by BNY Mellon Fund Management (Luxembourg) S.A.
Requirement	Explain how the order execution differs according to client categorisation, where the firm treats categories of clients differently and where it may affect the order execution arrangements
TWIM Response	TWIM services professional clients only.

Requirement	Explain 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
TWIM Response	This requirement is not applicable to TWIM as it does not have any retail clients.
Requirement	Explain how the Firm has used any data or tools relating to the quality of execution including any data published by execution venues
TWIM Response	TWIM has not used any data or tools relating to the quality of execution.
Requirement	Explain how the Firm has used any output from a consolidated tape provider
TWIM Response	This is not applicable to TWIM as it has not signed up to a consolidated tape provider or accessed data from a consolidated tape provider.

Section 2) TWIM - Summary analysis of execution quality – FX Forwards

<p>Class of instrument</p>	<p>Currency Derivatives</p>
<p>Requirement</p>	<p>Explain the relative importance given 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>TWIM Response</p>	<p>TWIM uses the WM/Reuters benchmark fixing rate to trade Forward Foreign Exchange instruments. The price will depend on the fixing rate. TWIM focuses on getting the best possible outcome for its clients when executing FX trades. In doing so, TWIM places high relative importance on obtaining execution certainty of each FX order.</p> <p>Forward FX instruments are used by TWIM to remove underlying currency exposure where clients have either elected to invest in “Hedged” share classes or if the Portfolio Manager believes the level of currency exposure of a particular asset is not appropriate for the Fund.</p> <p><u>The Bank of New York Mellon (BNYM)</u> TWIM employs the services of BNYM as Overlay Manager on ten of the Funds to execute Forward FX transactions. The Overlay Manager executes transactions based on specific parameters, designed with their collaboration, to ensure transparency of price whilst ensuring clients investing in Unhedged share classes receive the exposure they require.</p> <p><u>Mesirow Financial, Inc</u> Mesirow are used as an Overlay Manager to provide Forward FX services in one of funds managed by TWIM. Mesirow trade through their approved counterparties, monitoring deal prices to ensure that they are within acceptable tolerances for the size of deal.</p> <p><u>The Northern Trust Company</u> The Northern Trust Company has been appointed to execute FX forward trades for The Asset Management Exchange platform and for one of the TWIM funds. The Overlay Manager executes transactions based on specific parameters, designed with their collaboration, to ensure transparency of price whilst ensuring clients investing in Unhedged share classes receive the exposure they require.</p> <p>Data is supplied directly by the funds’ administrators in order to reduce Operational risk and ensuring that trades are executed in a timely manner and in-line with agreed parameters.</p>
<p>Requirement</p>	<p>Describe any close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders</p>
<p>TWIM Response</p>	<p>Close links</p> <p>We are not closely linked to the execution venues reported.</p> <p>Conflicts of interest</p> <p>There were no conflicts of interest identified during calendar year 2020.</p>

	<p>If, for a particular investment opportunity, there is more demand from clients than available capacity, we apply our Fair Allocation Policy, which ensures that no client, or group of clients, is given preferential treatment over any other.</p> <p>Common ownerships</p> <p>We do not have common ownership with the execution venues reported.</p>
Requirement	Describe any specific arrangements that the Firm has with execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received
TWIM Response	<p>All arrangements that we have with execution venues ensure that we get the best possible outcome for our clients. All the fee discounts and rebates in their entirety flow through and benefit our clients and do not benefit the firm in any way. We do not receive from or provide any payments or non-monetary benefits to currency overlay managers other than payments for services that they provide to us. We do not have fee discount arrangements in place with the three execution venues reported but have negotiated rates for trading FX Forwards.</p> <p>We have two gifts and hospitality policies as follows:</p> <p>1) Group-wide Anti-bribery and Corruption Gifts and Hospitality policy (GEHP). The GEHP is focused on both accepting and giving gifts, entertainment and hospitality from both suppliers and third party organisations including investment managers and clients of TWL.</p> <p>2) MiFID II Inducements policy – This policy is focused on the acceptance or giving of non-monetary benefits from/to non-clients and includes treatment of investment research as an inducement.</p> <p>We have assessed all records of Gifts and Hospitality received over calendar year 2020, in relation to the top five venues with which TWIM has transacted over the period. The following sets out the number of Gifts and Hospitality records logged in respect of each venue. All records relate to the receipt of non-monetary benefits of a minor nature.</p> <p>Venue 1: The Bank of New York Mellon Number of Gifts and Hospitality records: One</p> <p>Venue 2: The Northern Trust Company Number of Gifts and Hospitality records: Zero</p> <p>Venue 3: Mesirow Financial, Inc Number of Gifts and Hospitality records: Zero</p>
Requirement	Explain the factors that led to a change in the list of the Firm’s execution venues listed in the Firm’s execution policy, if such as change occurred.
TWIM Response	TWIM execution venues are shown in section 1. There has been no change in the list of FX Forward venues in 2020.
Requirement	Explain how the order execution differs according to client categorisation, where the firm treats categories of clients differently and where it may affect the order execution arrangements
TWIM Response	TWIM services professional clients only.

Requirement	Explain 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
TWIM Response	This requirement is not applicable to TWIM as it does not have any retail clients.
Requirement	Explain how the Firm has used any data or tools relating to the quality of execution including any data published by execution venues
TWIM Response	Bloomberg is used to check rates applied to Forward FX deals against WM/Reuters Benchmark fixings applicable to the Funds Model.
Requirement	Explain how the Firm has used any output from a consolidated tape provider
TWIM Response	This is not applicable to TWIM as it has not signed up to a consolidated tape provider or accessed data from a consolidated tape provider.