

RTS 28 Annual Best Execution Report 2020 Jupiter Investment Management Limited

April 2021

Introduction

On 1 July 2020 Jupiter Fund Management plc (“JFM”) purchased the Merian Global Investors Group. Merian Global Investors (UK) Limited (“MGI”) continued to operate as a MIFID firm under JFM’s ownership. JFM also owns Jupiter Asset Management Limited (“JAM”) which is also a MIFID firm.

While the two MIFID firms have separate regulatory authorisations and separate legal identities the fund management activities including order execution and monitoring arrangements became operationally integrated from 28 September 2020. From the point of operational integration MGI placed all orders for execution by JAM under the terms of JAM’s order execution policy.

On 16 February 2021 MGI became Jupiter Investment Management Limited (“JIML”).

Equity Execution and Placement – Shares and Depositary receipts

Pre-operational Integration

JIML transmits equity orders to market counterparties for execution, this is called placement. JIML also executes equity transactions, typically directly with Systematic Internalisers.

JIML manages a number of systematic daily rebalancing funds which require prompt execution at the prevailing market level. These strategies generate high order volumes for the more liquid equities and this turnover dominates the top five tables. For these orders the dealers use a program trading approach with counterparties competing to price the trade baskets relative to the prevailing market level. Larger and global market counterparties are best placed to price this business most competitively. Dealers manage the program trading counterparty list and bidding process in order to maintain pricing competition.

JIML has a strong presence in the UK Small and Mid-Cap sectors which generates orders in the relatively less liquid equity class. The counterparties with access to liquidity, and therefore the best pricing in this sector, tend to be the UK equity market makers and other UK equity execution channels. Orders for these stocks may take several days or even longer to complete. Therefore, it is important to work with a competent counterparty which is in touch with the stock in question in order to have the best opportunity to transact at the best price and in the volumes required.

Post-operational Integration

Please refer to JAM’s RTS 28 Report

Class of Instrument	Equity liquidity bands 5 and 6					
Low volume	No					
Counterparty	LEI	Proportion of Volume %	Proportion of Orders %	Passive %	Aggressive %	Directed Orders %
UBS AG	BFM8T61CT2L1QCEMIK50	31.16	25.40	N/A	N/A	0.00
Jupiter Asset Management Limited	549300GK9KWWQKHQ5S16	22.65	36.43	N/A	N/A	0.00
Mizuho International Plc	213800HZ54TG54H2KV03	14.38	7.29	N/A	N/A	0.00
Merrill Lynch International	GGDZP1UYGU9STUHRDP48	7.25	8.25	N/A	N/A	0.00

Goldman Sachs International	W22LROWP2IHZNBB6K528	4.84	6.50	N/A	N/A	0.00
Class of Instrument	Equity liquidity band 3 and 4					
Low volume	No					
Counterparty	LEI	Proportion of Volume %	Proportion of Orders %	Passive %	Aggressive %	Directed Orders %
Jupiter Asset Management Limited	549300GK9KWWQKHQ5S16	21.88	23.70	N/A	N/A	0.00
UBS AG	BFM8T61CT2L1QCEMIK50	11.62	25.56	N/A	N/A	0.00
Citigroup Global Markets Limited	XKZZ2JZF41MRHTR1V493	11.53	2.38	N/A	N/A	0.00
Liquidnet Europe Limited	213800ZIRB79BE5XQM68	9.81	4.96	N/A	N/A	0.00
Jefferies International Limited	S5THZMDUJCTQZBTRVI98	4.74	2.33	N/A	N/A	0.00

Class of Instrument	Equity liquidity bands 1 and 2					
Low volume	No					
Counterparty	LEI	Proportion of Volume %	Proportion of Orders %	Passive %	Aggressive %	Directed Orders %
UBS AG	BFM8T61CT2L1QCEMIK50	29.19	24.10	N/A	N/A	0.00
Jupiter Asset Management Limited	549300GK9KWWQKHQ5S16	19.77	29.50	N/A	N/A	0.00
Mizuho International Plc	213800HZ54TG54H2KV03	15.03	11.89	N/A	N/A	0.00
Merrill Lynch International	GGDZP1UYGU9STUHRDP48	9.94	9.96	N/A	N/A	0.00
Goldman Sachs International	W22LROWP2IHZNBB6K528	7.28	8.22	N/A	N/A	0.00

Contracts for Difference Placement (CFDs) – Shares and Depository receipts

Pre-operational Integration

CFDs are typically equity derivatives and the dealers use equity dealing methods to approach the market.

JIML appoint swap counterparties to administer the CFDs. In most markets counterparty selection for executing the equity transaction underlying the CFDs is not restricted. The underlying equity position is executed and then given up to the swap counterparty in exchange for the CFD.

For some markets, in particular the US, it is not possible to give up underlying equity transactions in exchange for CFDs. For these markets the equity execution is restricted to the swap providers appointed by JIML in that market.

Post-operational Integration

Please refer to JAM's RTS 28 Report

Class of Instrument	Contracts for difference					
Low volume	No					
Counterparty	LEI	Proportion of Volume %	Proportion of Orders %	Passive %	Aggressive %	Directed Orders %
Merrill Lynch International	GGDZP1UYGU9STUHRDP48	39.24	34.23	N/A	N/A	0.00
Jupiter Asset Management Limited	549300GK9KWWQKHQ5S16	17.20	22.49	N/A	N/A	0.00
Goldman Sachs International	W22LROWP2IHZNBB6K528	15.96	14.53	N/A	N/A	0.00
UBS AG	BFM8T61CT2L1QCEMIK50	11.28	11.14	N/A	N/A	0.00
Citigroup Global Markets Limited	XKZZ2JZF41MRHTR1V493	5.59	5.47	N/A	N/A	0.00

Debt Instruments

Pre-operational Integration

The fixed income market is dominated by the large and global capital market counterparties. JIML maintains dealing relationships with most of the major counterparties. Execution is through multi-lateral trading facilities (MTF) or by direct request for quote (RFQ) to the counterparties.

The MTFs for bond execution facilitate fast price discovery and execution with all of the major bond market participants. It is the typical execution method for orders of regular size in liquid bonds.

Bloomberg Trading Facility is the primary route for orders in the Government and Supra-national bond markets. Market Axess Europe Limited is the primary route for order in the Corporate Bond markets.

Where electronic execution is not available or where an order factor such as order size, market volatility or scarce liquidity requires a discrete or patient market approach, the dealer contacts counterparties directly.

Market conditions and factor priorities can change but generally for orders in liquid bonds of normal size the non-price order factors are not limiting and price remains the dominant factor. We direct requests for quotes to counterparties which stream the best prices, publish relevant axes or which previously demonstrated efficient execution for the bond. The dealer takes the best price when the dealer judges that the best price available will not be improved by asking for further price quotes which risk price leakage and slippage.

For less liquid bonds and large order sizes where the dealer must source liquidity through a discrete or patient market approach the likelihood of execution and order size factors become equally important as price considerations for counterparty selection.

Counterparty selection is based on the dealer researching pricing indications and relevant axes. The dealer takes into account previous history trading the bond and counterparty specialism in certain markets or sectors.

The tables show the top 5 execution MTF venue, the top 5 counterparties on each significant MTF venue and the top 5 counterparties with MTF executions resolved to the underlying counterparty.

Volume attributed to Market Axess Capital represents JIML crossing activity, selling from one JIML fund to another but executed and pricing ratified by Market Axess. Or it is activity where JIML does not have a relationship with a counterparty and Market Axess Capital acts as principal to both sides.

Post-operational Integration

Please refer to JAM's RTS 28 Report

Debt Instruments

Class of Instrument	Debt Instrument					
Low volume	No					
Counterparty	LEI	Proportion of Volume %	Proportion of Orders %	Passive %	Aggressive %	Directed Orders %
Jupiter Asset Management Limited	549300GK9KWWQKHQ5S16	10.73	11.78	N/A	N/A	0.00
Citigroup Global Markets Limited	XKZZ2JZF41MRHTR1V493	10.01	7.37	N/A	N/A	0.00
BNP Paribas	R0MUWSFPU8MPRO8K5P83	7.48	4.31	N/A	N/A	0.00
Wells Fargo Securities International Limited	BWS7DNS2Z4NPKPNYKL75	7.38	1.14	N/A	N/A	0.00
Barclays Bank Plc	G5GSEF7VJP5I7OUK5573	6.68	4.93	N/A	N/A	0.00

OTC Derivative Executions

Pre-operational Integration

It is JIML policy to use central clearing for all OTC derivatives where possible.

When executing cleared OTC derivatives it is in theory possible to execute with any market counterparty with the relevant Cleared Derivative Execution Agreement (CDEA) in place. In practice we find a CDEA is not sufficient for many of the banking counterparties which still require an ISDA. New entrant counterparties are willing to execute without an ISDA.

When clearing becomes mandatory for all market participants we expect the ISDA requirement to fall away and at that point we expect to expand our OTC derivative counterparty list. Until then we are restricted to dealing with the main market participants with the appropriate ISDA agreements in place.

Post-operational Integration

Please refer to JAM's RTS 28 Report

Interest Rate Derivatives

Pre-operational Integration

Executions for the main currencies is on an MTF, typically Tradeweb. Other executions are by voice with dealers conducting a manual RFQ process. Counterparty selection is restricted by the requirement to have an ISDA in place with each counterparty.

Post-operational Integration

Please refer to JAM's RTS 28 Report

Class of Instrument	Interest rate derivative executions					
Low volume	No					
Counterparty	LEI	Proportion of Volume %	Proportion of Orders %	Passive %	Aggressive %	Directed Orders %
Merrill Lynch International	GGDZP1UYGU9STUHRDP48	68.97	33.27	N/A	N/A	0.00
Goldman Sachs International	W22LROWP2IHZNBB6K528	22.99	58.07	N/A	N/A	0.00
Jupiter Asset Management Limited	549300GK9KWWQKHQ5S16	8.00	6.95	N/A	N/A	0.00
J.P.Morgan Securities Plc	K6Q0W1PS1L1O4IQL9C32	0.01	0.45	N/A	N/A	0.00
Barclays Bank Plc	G5GSEF7VJP5I7OUK5573	0.01	0.13	N/A	N/A	0.00

Credit Derivatives

Pre-operational Integration

The dealers execute Index Credit Default Swaps using the Bloomberg Trading Facility, an RFQ MTF platform. The dealers execute a small number of single name CDS directly with the counterparties using a manual RFQ process.

All index CDS positions are cleared. Single name CDS remain bi-lateral where liquidity is limited to those counterparties with the correct legal documentation.

Post-operational Integration

Please refer to JAM's RTS 28 Report

Class of Instrument	Credit Derivatives					
Low volume	Yes					
Counterparty	LEI	Proportion of Volume %	Proportion of Orders %	Passive %	Aggressive %	Directed Orders %
Barclays Bank Plc	G5GSEF7VJP5I7OUK5573	34.57	26.49	N/A	N/A	0.00
Citigroup Global Markets Limited	XKZZ2JZF41MRHTR1V493	31.96	30.46	N/A	N/A	0.00
J.P.Morgan Securities Plc	K6Q0W1PS1L1O4IQL9C32	19.97	25.83	N/A	N/A	0.00
Goldman Sachs International	W22LROWP2IHZNBB6K528	11.56	9.27	N/A	N/A	0.00
Jupiter Asset Management Limited	549300GK9KWWQKHQ5S16	0.91	1.99	N/A	N/A	0.00

Currency Derivatives

Swaps, forwards and other currency derivatives

Pre-operational Integration

This covers forward FX and non-deliverable forward FX. There were no OTC currency options in the period. The table excludes spot FX and FX settling before spot.

The FX counterparty list includes the main FX execution banks plus a few smaller banks which offer competitive pricing for smaller regional currency markets. We use continuous linked settlement to ensure payment versus payments which eliminates daylight settlement risk.

The majority of FX transactions are in liquid currencies and of a size that the FX market can absorb normally. This means for the most part the execution factors are not limiting. We execute these trades promptly at the best available market level.

Where a factor becomes limiting the dealer adjusts the dealing method to take account of the factor. Generally this means allowing more execution time and a discrete market approach in order to achieve a better execution outcome over time. This occurs for large size trades to give the market time to absorb the order size, frontier currency markets to give time to find suitable liquidity and periods of high volatility when bid to offer spreads widen.

Post-operational Integration

Please refer to JAM's RTS 28 Report

Class of Instrument	Currency Derivatives					
Low volume	No					
Counterparty	LEI	Proportion of Volume %	Proportion of Orders %	Passive %	Aggressive %	Directed Orders %
J.P.Morgan Securities Plc	K6Q0W1PS1L1O4IQL9C32	21.84	13.08	N/A	N/A	0.00
Jupiter Asset Management Limited	549300GK9KWWQKHQ5S16	13.53	16.18	N/A	N/A	0.00
HSBC Bank Plc	MP6I5ZYZBEU3UXPYFY54	12.43	9.77	N/A	N/A	0.00

Citigroup Global Markets Limited	XKZZ2JZF41MRHTR1V493	12.22	7.75	N/A	N/A	0.00
Natwest Markets Plc	RR3QWICWWIPCS8A4S074	10.56	3.28	N/A	N/A	0.00

Equity Derivatives - Exchange Traded Futures and Options

Pre-operational Integration

Exchange traded derivatives are liquid instruments used to gain market exposure for hedging and active positioning. JIML transmits orders to counterparty for execution. Most orders are within the contract daily volume and absorbable by the exchange liquidity in a short period of time.

Each future contract is listed on a primary exchange. We access that exchange by transmitting futures orders to the clients clearing broker for execution. This is because of reduced commission fees for execution and clearing with single counterparty, although execution price is monitored. Systematic executions are driven by the counterparty owned participation algorithm.

Execution quality is monitored against TCA from the executing broker to ensure the algorithm is accessing the exchange liquidity efficiently. We also monitor combined TCA for the aggregation of ETD transactions.

Post-operational Integration

Please refer to JAM's RTS 28 Report

Class of Instrument	Exchange Traded Futures and Options					
Low volume	No					
Counterparty	LEI	Proportion of Volume %	Proportion of Orders %	Passive %	Aggressive %	Directed Orders %
Merrill Lynch International	GGDZP1UYGU9STUHRDP48	69.31	54.02	N/A	N/A	0.00
Jupiter Asset Management Limited	549300GK9KWWQKHQ5S16	28.37	14.13	N/A	N/A	0.00
Goldman Sachs International	W22LROWP2IHZNBB6K528	2.32	31.86	N/A	N/A	0.00

Securitized Derivatives

Class of Instrument	Securitized Derivatives					
Low volume	Yes					
Counterparty	LEI	Proportion of Volume %	Proportion of Orders %	Passive %	Aggressive %	Directed Orders %
UBS AG	BFM8T61CT2L1QCEMIK50	79.98	50.00	N/A	N/A	0.00
Citigroup Global Markets Limited	XKZZ2JZF41MRHTR1V493	14.90	25.00	N/A	N/A	0.00
Morgan Stanley & Co. International Plc	4PQUHN3JPFGFNF3BB653	2.68	8.33	N/A	N/A	0.00
Jupiter Asset Management Limited	549300GK9KWWQKHQ5S16	2.44	16.67	N/A	N/A	0.00

Commodities

Class of Instrument	Commodities					
Low volume	No					
Counterparty	LEI	Proportion of Volume %	Proportion of Orders %	Passive %	Aggressive %	Directed Orders %
Goldman Sachs International	W22LROWP2IHZNBB6K528	69.79	82.66	N/A	N/A	0.00
Societe Generale International Limited	0IKLU6X1B10WK7X42C15	30.21	17.34	N/A	N/A	0.00

Other Instruments

Pre-operational Integration

Other instruments are equities which are not trading on a Trading venue (TOTV) and therefore do not have MIFID liquidity bands. These orders are placed with counterparties.

Post-operational Integration

Please refer to JAM's RTS 28 Report

Class of Instrument	Other Instrument Placements					
Low Volume	No					
Counterparty	LEI	Proportion of Volume %	Proportion of Orders %	Passive %	Aggressive %	Directed Orders %
Citigroup Global Markets Limited	XKZZ2JZF41MRHTR1V493	53.06	25.42	N/A	N/A	0.00
UBS AG	BFM8T61CT2L1QCEMIK50	15.60	22.64	N/A	N/A	0.00
Jupiter Asset Management Limited	549300GK9KWWQKHQ5S16	15.04	28.45	N/A	N/A	0.00
Merrill Lynch International	GGDZP1UYGU9STUHRDP48	6.31	13.28	N/A	N/A	0.00
J.P.Morgan Securities Plc	K6Q0W1PS1L1O4IQL9C32	3.59	5.68	N/A	N/A	0.00

IMPORTANT INFORMATION

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