

## **Impax Asset Management Limited**

### **Annual Best Execution Disclosure 2020**

#### **(RTS 28 and Article 65(6))**

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**Legal Entity Identifier:** 213800K6QQFMK4B6K577

#### **Introduction**

In accordance with the Markets in Financial Instruments Directive (“MiFID II”), and as transposed by the Financial Conduct Authority into UK regulatory requirements, this report provides information in respect of the top-five counterparties used by Impax Asset Management Limited (“Impax”) when placing or transmitting orders for execution for the year ended 31 December 2020.

The report separates analysis per sub-asset class of financial instrument, as defined in Annex I to the Delegated Regulation supplementing MiFID II (“MiFIR”), for when Impax placed or transmitted client orders to counterparties for execution. Where analysis is not provided in this report for any class of financial instrument, as defined by MiFID II, Impax will not have traded that particular class of financial instrument during the year ended 31 December 2020.

In each section, the analysis encompasses where applicable:

- The top 5 counterparties names and their respective identifiers in that class of financial instrument;
- Proportion of volume of orders placed as a percentage of total in that class of financial instrument;
- Proportion of orders placed as a percentage of total in that class of financial instrument;
- Confirmation of whether Impax placed orders an average of less than one trade per business day during the year ended 31 December 2020 in that class of financial instrument.

Confirmation of whether the following order types were placed or transmitted by Impax for the year ended 31 December 2020:

- Directed orders – ‘directed orders’ is defined as an order where a specific execution venue was specified by our client.
- Passive orders – ‘passive order’ means an order entered into the order book that provided liquidity.
- Aggressive orders – ‘aggressive orders’ means an order means an order entered into the order book that took liquidity.

The Firm has disclosed, for each execution venue or counterparty the percentage of the orders generated in that class of financial instrument directed to that execution venue or counterparty which the Firm considers as passive or aggressive in accordance with the above definitions.

All numerical information has been prepared in British Pound (“GBP”). Where execution or transmission of client orders has not occurred in GBP conversion has been made into GBP applying the applicable prevailing spot foreign exchange rate.

‘Tick size’ corresponds to the average daily number of transactions in the most relevant market in terms of liquidity for shares or depositary receipts. For the asset class ‘Equities – Shares & Depositary Receipts’, Annex I of MiFIR requires separate analysis for the following sub-asset classes

- i. Tick size liquidity bands 5 and 6 (from 2000 trades per day)
- ii. Tick size liquidity bands 3 and 4 (from 80 to 1999 trades per day)
- iii. Tick size liquidity band 1 and 2 (from 0 to 79 trades per day)

The Firm has classified each equity traded into one distinct tick size liquidity band for the whole year, based on a classification made at the end of the year. Equities traded which have not been classified into a tick size liquidity band (including non – EEA equities) are included in the ‘other instruments’ asset class.

#### **Best Execution commentary applicable to all asset classes**

When determining the strategy for placing orders for execution in the market, Impax takes into consideration a number of execution factors dependent on the characteristics of the order and the prevailing market conditions. In determining the relative importance of the execution factors, Impax considers each client’s objectives, the specific financial instruments to which the order relates, the execution venues or counterparties available for such order and the prevailing market conditions. Whilst they may differ dependent on the characteristic of each order, it has described the typical relative importance of the execution factors in the analysis that follows.

Orders raised by Impax Portfolio Managers are processed by Impax’s centralised dealing desk. Portfolio Managers are not able to influence which trading venue is used in a transaction.

Impax places orders to be executed with approved brokers. The list of approved brokers is reviewed regularly and changes over time. A list of liquidity providers, in which Impax places significant reliance, is included in the Best Execution Policy. Amendments to the approved brokers list are made considering a number of factors including the credit worthiness of the broker and the execution performance of the broker.

The Best Execution Committee is responsible for overseeing the effectiveness and adequacy of the Firm’s controls and procedures in respect of best execution and to review adherence to the Firm’s Best Execution Policy.

For the year ending 2020 Impax can confirm that it considers it has met its obligation to achieve the best possible result for its clients on a consistent basis.

Impax trades as a Professional Client in an institutional capacity on behalf of its clients (and does not deal as principal) only. Impax does not engage in proprietary trading.

### Information on the Top Five Execution Brokers

Class of Instrument	Equities - Shares and Depositary Receipts: Tick size liquidity bands 1 and 2				
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 a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
UBS AG BFM8T61CT2L1QCEMIK50	61.01%	71.37%%	-	-	-
Morgan Stanley & Co. International Plc 4PQUHN3JPF GFNF3BB65	19.38%	15.51%	-	-	-
Goldman Sachs International W22LROWP2IHZNBB6K528	8.34%	5.84%	-	-	-
Liquidnet Europe Limited 213800ZIRB79BE5XQM68	5.21%	3.83%	-	-	-
Bank of America/Merril Lynch International 549300HN4UKV1E2R3U73	4.15%	1.23%	-	-	-

The priority of the execution factors when transacting equity instruments is typically:

- ☐ Priority 1: Liquidity, price, size and cost of the client order, as well as expected market impact.
- ☐ Priority 2: Likelihood of execution & settlement, speed and order type.

Impax uses brokers, to access equities markets for which it does not have a direct membership itself. The list of brokers reflects this, in particular the use of UBS and Morgan Stanley to access BIDS for trading in the EU and US.

Class of Instrument	Equities - Shares and Depositary Receipts: Tick size liquidity bands 3 and 4
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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 a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
UBS AG BFM8T61CT2L1QCEMIK50	35.72%	47.87%	-	-	-
Morgan Stanley & Co. International Plc 4PQUHN3JPF GFNF3BB65	27.97%	26.65%	-	-	-
Goodbody StockBrokers UC 635400IL71G3SXS7OE16	14.89%	4.5%	-	-	-
Liquidnet Europe Limited 213800ZIRB79BE5XQM68	10.89%	17.51%	-	-	-
Goldman Sachs International W22LROWP2IHZNBB6K528	4.24%	1.85%	-	-	-

The priority of the execution factors when transacting equity instruments is typically:

- ☐ Priority 1: Liquidity, price, size and cost of the client order, as well as expected market impact.
- ☐ Priority 2: Likelihood of execution & settlement, speed and order type.

Impax uses brokers, to access equities markets for which it does not have a direct membership itself. The list of brokers reflects this, in particular the use of UBS and Morgan Stanley to access BIDS for trading in the EU and US.

Class of Instrument	Equities - Shares and Depositary Receipts: Tick size liquidity bands 5 and 6				
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 a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
UBS AG BFM8T61CT2L1QCEMIK50	53.83%	62.25%	-	-	-
Morgan Stanley & Co. International Plc 4PQUHN3JPF GFNF3BB65	26.59%	23.39%	-	-	-
Goldman Sachs International W22LROWP2IHZNBB6K528	8.07%	4.49%	-	-	-
Bank of America/Merril Lynch International 549300HN4UKV1E2R3U73	6.58%	2.63%	-	-	-
Liquidnet Europe Limited 213800ZIRB79BE5XQM68	4.00%	5.95%	-	-	-

The priority of the execution factors when transacting equity instruments is typically:

- ☐ Priority 1: Liquidity, price, size and cost of the client order, as well as expected market impact.
- ☐ Priority 2: Likelihood of execution & settlement, speed and order type.

Impax uses brokers, to access equities markets for which it does not have a direct membership itself. The list of brokers reflects this, in particular the use of UBS and Morgan Stanley to access BIDS for trading in the EU and US.

Class of Instrument	Other Instruments (Shares & Depositary Receipts that have not been classified according to ESMA's Equity tick size regime)				
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 a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
UBS AG BFM8T61CT2L1QCEMIK50	72.70%	68.87%	-	-	-
Morgan Stanley & Co. International Plc 4PQUHN3JPF GFNF3BB65	16.52%	14.71%	-	-	-
China International Capital Corporation (CICC) 213800STG3UV87MDGA96	8.18%	13.85%	-	-	-
Liquidnet Europe Limited 213800ZIRB79BE5XQM68	2.38%	2.55%	-	-	-
Goldman Sachs International W22LR0WP2IHZNBB6K528	0.21%	0.02%	-	-	-

The priority of the execution factors when transacting equity instruments is typically:

- ☐ Priority 1: Liquidity, price, size and cost of the client order, as well as expected market impact.
- ☐ Priority 2: Likelihood of execution & settlement, speed and order type.

Impax uses brokers, to access equities markets for which it does not have a direct membership itself. The list of brokers reflects this, in particular the use of UBS and Morgan Stanley to access BIDS for trading in the EU and US.

## Qualitative Data for the Purpose of RTS 28/Art 65(6) Reports

Article 3(3): Investment firms shall publish for each class of financial instruments, a summary of the analysis and conclusions they draw from their detailed monitoring of the quality of execution obtained on the execution venues where they executed all client orders in the previous year. The information shall include:

<u>Requirement</u>	<u>Conclusions</u>
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>The relative importance of each of these factors within Impax's dealing process will vary depending upon a number of criteria:</p> <ul style="list-style-type: none"><li>• The investment intent of the investment manager who created the order;</li><li>• The characteristics of financial instruments that are the subject of that order; and</li><li>• The characteristics of the execution venues to which that order can be directed.</li></ul> <p>Each client order that is transacted is inherently unique in its characteristics and market conditions are never constant. The relative importance of the execution factors is therefore variable. Over this review period, liquidity was generally considered to be the most important factor when seeking to achieve the best possible outcome for clients. In addition, the particular combination of total consideration (price of the instrument and costs of execution, both implicit and explicit) and size are generally the most considered factors when determining an execution strategy. Where an instrument is less liquid, then likelihood of execution becomes a more important consideration.</p>
A description of any close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders;	Impax has no close links, conflicts of interest, or common ownerships with respect to any execution venues used to execute orders. Impax does not trade with its affiliates.
A description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received;	Impax does not receive payments, discounts, rebates or non-monetary benefits in its trading arrangements.
An explanation of the factors that led to a change in the list of execution venues listed in the firm's execution policy, if such a change occurred;	Brokerage firms remain on Impax's list of execution venues subject to an authorisation and ongoing monitoring process, which includes, but is not limited to, the broker's credit worthiness and financial stability, a review of the performance of execution services provided by the broker, and the broker's ability to trade effectively on our clients' behalf. One broker was added to the approved list in the period.

<u>Requirement</u>	<u>Conclusions</u>
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;	Impax provides investment services to Professional Clients only. All clients are treated fairly.
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;	Impax does not provide investment services to Retail Clients.
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>Impax has in place post execution supervisory monitoring procedures which use market data, where available, to assess client transactions against relevant market prices and benchmarks. Trading outcomes are monitored and measured using pre-trade cost models and details post-trade TCA. This monitoring is undertaken in accordance with internal monitoring policies and procedures. Impax uses a third-party Transaction Cost Analysis (TCA) supplier to provide this TCA data.</p> <p>As part of its overall best execution monitoring framework and on-going assessment of execution venues utilised, Impax may also have taken account of information published under RTS 27 by those execution venues (if applicable) alongside data sources used as part of its systematic best execution monitoring arrangements.</p> <p>When assessing the quality of execution of execution venues, Impax uses the following available tools and data to ensure the best possible result for the client:</p> <ul style="list-style-type: none"> <li>• Monitoring of the execution venues</li> <li>• Broker &amp; service quality controls</li> <li>• Client feedback.</li> <li>• Impax reviews its execution arrangements on an ongoing basis.</li> </ul>
Where applicable, an explanation of how the investment firm has used output of a consolidated tape provider	Impax has not been in a position to use output of a consolidated tape provider given none are currently established in Europe.



