



Ares Management Limited

Best Execution Disclosure – RTS 28

2019

| Class of instrument | Debt Instruments - Bonds | | | | |
|---|--|--|------------------------------|---------------------------------|-------------------------------|
| Notification if <1 average trade per business day in the previous year | N | | | | |
| 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 | Percentage of directed orders |
| DEUTSCHE BANK AKTIENGESELLSCHAFT 7LTWFZYICNSX8D621K86 | 10.76% | 5.01% | N/A | N/A | N/A |
| GOLDMAN SACHS INTERNATIONAL W22LROWP2IHZNBB6K528 | 10.69% | 11.92% | N/A | N/A | N/A |
| J.P. MORGAN SECURITIES PLC K6Q0W1PS1L1O4IQL9C32 | 9.22% | 5.70% | N/A | N/A | N/A |
| CITIGROUP GLOBAL MARKETS LIMITED XKZZ2JZF41MRHTR1V493 | 8.62% | 7.6% | N/A | N/A | N/A |
| UBS Europe SE5299007QVIQ7IO64NX37 | 8.02% | 8.64% | N/A | N/A | N/A |

| Class of instrument | Currency Derivatives- Swaps, forwards, and other currency derivatives | | | | |
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| Notification if <1 average trade per business day in the previous year | N | | | | |
| 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 | Percentage of directed orders |
| LLOYDS BANK PLC H7FNTJ4851HGOEXQ1Z70 | 31.46% | 56.74% | N/A | N/A | N/A |
| BNP PARIBAS SECURITIES CORP. RCNB6OTYUAMMP879YW96 | 23.14% | 1.04% | N/A | N/A | N/A |
| BARCLAYS CAPITAL INC. AC28XWWI3WIBK2824319 | 11.62% | 3.94% | N/A | N/A | N/A |
| NATIXIS SECURITIES AMERICAS LLC 549300L8G1E7ZHVEOG75 | 7.37% | 1.35% | N/A | N/A | N/A |
| GOLDMAN SACHS INTERNATIONAL W22LROWP2IHZNBB6K528 | 7.16% | 11.41% | N/A | N/A | N/A |

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| Class of instrument | Structured Finance Instruments - ABS | | | | |
| Notification if <1 average trade per business day in the previous year | Y | | | | |
| 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 | Percentage of directed orders |
| CITIGROUP GLOBAL MARKETS LIMITED XKZZ2JZF41MRHTR1V493 | 70.83% | 66.67% | N/A | N/A | N/A |
| CITIGROUP GLOBAL MARKETS INC MBNUM2BPBDO7JBLYG310 | 29.17% | 33.33% | N/A | N/A | N/A |

Best Execution Qualitative Information

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| <p>A summary of the analysis and conclusions the firm draws from its detailed monitoring of the quality of execution obtained on the execution venues where it executed all client orders in the previous year</p> | <p><i>Debt Instruments (Bonds)</i> <i>As part of the analysis of best execution carried out by Ares Management Limited (the “Firm”) in relation to debt instruments, reviews of external market data and externally verifiable reference prices (where available) were undertaken when pricing or checking the price of debt instruments (including bespoke instruments). The monitoring completed confirmed that best execution was obtained consistently on the approved execution venues throughout the year.</i></p> <p><i>Structured Finance Instruments</i> <i>As part of the Firm’s analysis of best execution in relation to structured finance instruments, reviews were undertaken of competitive quotes and fair value at the time the trade was placed, and/or price reviews were undertaken using the request for quote (“RFQ”) mechanism, obtaining competing quotes from counterparties to assess a spread of all quoted prices to illustrate RFQ competitiveness. The monitoring completed confirmed that best execution was obtained consistently on the approved execution venues throughout the year.</i></p> <p><i>Currency Derivatives (Futures and Options admitted to trading on a trading venue, Swaps, Forwards, and other Currency Derivatives)</i> <i>As part of the Firm’s analysis of best execution in relation to currency derivatives, reviews were undertaken of the exchange level at the time the trade was placed and/or price reviews were undertaken using the RFQ mechanism, obtaining competing quotes from counterparties to assess a spread of all quoted prices to illustrate RFQ competitiveness. The monitoring completed confirmed that best execution was obtained consistently on the approved execution venues throughout the year.</i></p> |
| <p>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</p> | <p><i>The Firm’s delivery of best execution is a key element in its commitment to act in the best interests of its clients, as well as being a regulatory requirement. The Firm prioritises ensuring that all sufficient steps are taken to obtain the best possible result for its clients when it executes, places or transmits orders on clients’ behalf. This means taking into account the ‘execution factors’ such as price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the order.</i></p> |

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| <p>qualitative factors when assessing the quality of execution</p> | <p><i>Ares Management LLC has established a global Best Execution Committee which meets on a semi-annual basis to assess whether the execution venues, including those utilised by the Firm, continue to provide the best possible result for the Firm’s clients. As part of this review, the Firm takes into consideration the published execution data made available by certain market data providers such as Bloomberg and TRACE. The Broker Onboarding Committee approves all execution venues (and their terms of engagement). Execution venues may only be added with the consent of the relevant Best Execution Committee and they will consider factors including but not limited to: credit and counterparty risk; the level of service; and markets covered during their due diligence process and ongoing review. Where only one execution venue is available to the Firm for a particular class of financial instrument, the Best Execution Committee will also consider whether the execution venue enables the Firm consistently to achieve the best results for its clients.</i></p> <p><i>The relative importance of the execution factors is judged on an order-by-order basis in line with the Firm’s industry experience and prevailing market conditions. Common key factors for debt and structured finance instruments have been identified as follows:</i></p> <p><i>Where instruments are executed directly, key factors considered are price, observed volume on exchange, and overall transaction costs. Prices are compared via an RFQ where possible, taking into account additional transaction costs that may be applicable. When transactions are time-sensitive, response time to RFQ is often a defining factor. On occasion, preference is given to counterparties that are operationally easier to work with, where time factors are at play.</i></p> <p><i>Where orders are executed indirectly, relevant factors are costs and the existing broker relationship.</i></p> <p><i>For more illiquid instruments, where execution options are available, historical price and liquidity are the key factors for execution.</i></p> |
| <p>A description of any close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders</p> | <p><i>The Firm does not have any close links, conflicts of interests or common ownerships with respect to the execution venues it uses to execute orders.</i></p> |

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| <p>A description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received</p> | <p><i>The Firm has not entered into any arrangements with its execution venues regarding payments made or received, discounts or non-monetary benefits that would compromise its ability to meet its obligations in regard to best execution, conflicts of interest or inducements.</i></p> <p><i>The Firm has determined that it will pay for research from its own P&L and as such has arrangements in place to remunerate certain firms for the receipt of such research.</i></p> <p><i>The Firm may, on occasion, receive or provide minor non-monetary benefits from or to execution venues. They must be received/provided in accordance with the Firm’s Inducements Policy. When selecting execution venues, the Firm does not take into account non-monetary benefits that may be received from execution venues in connection with the services it provides to its clients, but focuses on the potential of the venues to enable the Firm to obtain on a consistent basis the best possible result for the execution of its client orders.</i></p> |
| <p>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</p> | <p><i>During the period under review, the Firm’s list of execution venues changed. The Firm regularly reviews the effectiveness of its Best Execution Policy and its execution arrangements to identify and, where appropriate, incorporate any changes to enhance the quality of execution obtained. Following discussions with the front office and as part of this review, it was determined that a change was required to ensure that the Firm continues to obtain the best possible result for its clients. Factors considered included price, access to the market, counterparty risk and market liquidity.</i></p> |
| <p>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><i>While the Firm does take the characteristics of its clients into account when judging the relative importance of the execution factors, the Firm’s clients are exclusively professional clients and so are treated with a consistent approach.</i></p> |

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| <p>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><i>This is not applicable. The Firm does not execute retail client orders.</i></p> |
| <p>An explanation of how the Firm has used any data or tools relating to the quality of execution, including any data published under Commission Delegated Regulation (EU) 2017/575</p> | <p><i>The Firm compares and analyses relevant data to obtain best execution for a client, including execution quality data. The Firm transmits or places orders with other entities for execution and when the order relates to OTC products including bespoke products, checks the fairness of the price proposed to the client, by gathering market data used in the estimation of the price of such product and, where possible, by comparing with similar or comparable products.</i></p> <p><i>In addition, as part of our best execution monitoring procedures we have considered the data published under Commission Delegated Regulation (EU) 2017/575 by the trading venues we have used, those of our counterparties which operate as systematic internalisers and a sample of reports published by other execution venues which we do not currently utilise. Due to the substantial volume of data in RTS 27 reports and the differing approaches taken by producers of those reports this data has thus far proved to be of limited practical benefit to the Firm.</i></p> |
| <p>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><i>Not applicable, as there were no such CTPs available in Europe during the period to which this disclosure relates.</i></p> |