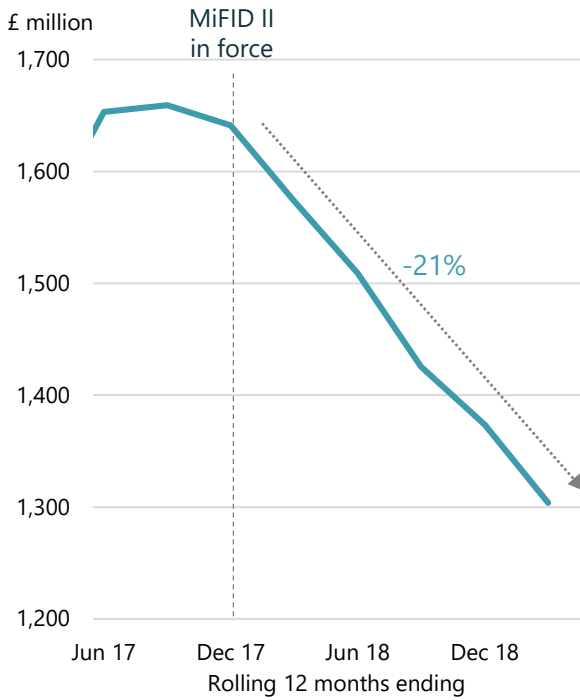




MiFID II MONITOR: Whole market snapshot to 31 March 2019

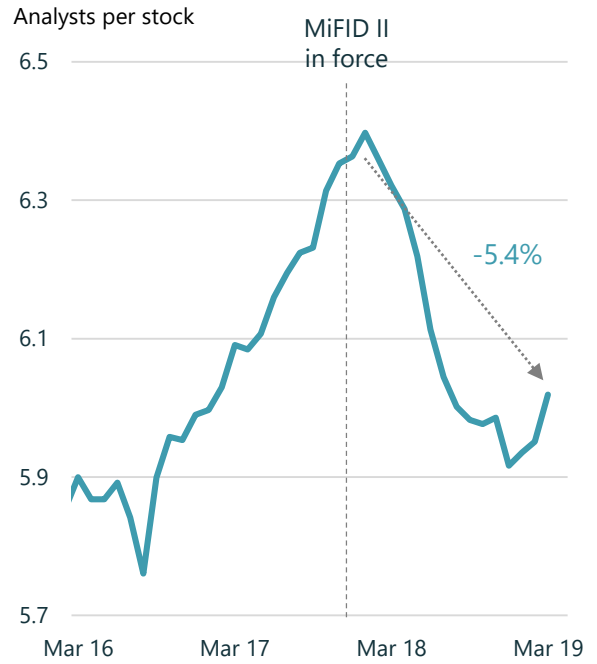
Main Market - avg. estimated annual value traded per stock

On Main Market, average liquidity tightens 21% by end Mar 2019...



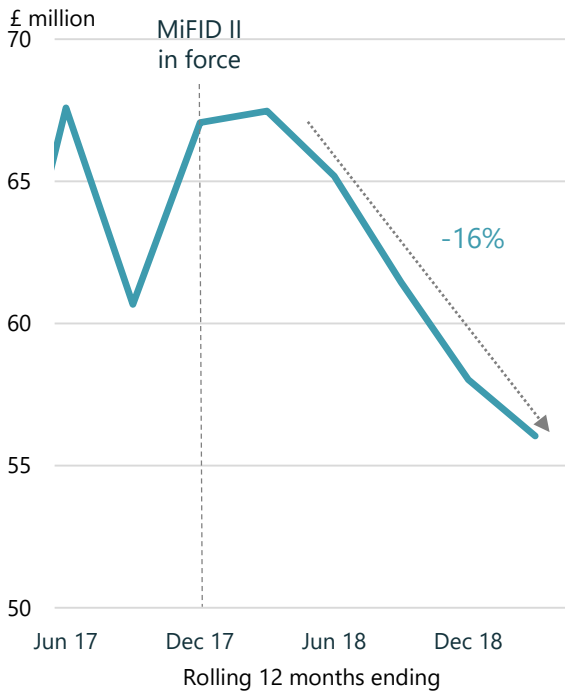
Main Market - average analysts per stock

... and average research coverage slips 5.4% since December 2017.



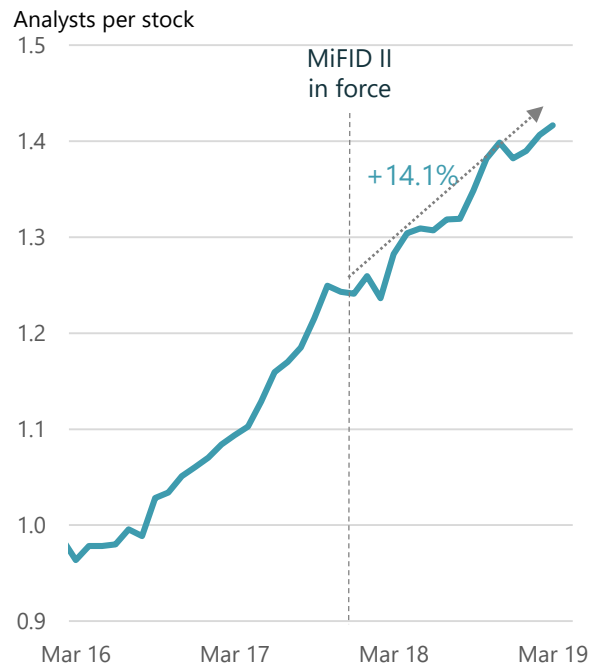
AIM - average estimated annual value traded per stock

AIM Liquidity contracts -16% in 12 months to 31 Mar 2019...



AIM - average analysts per stock

... but AIM research coverage rises 14.1% since December 2017.

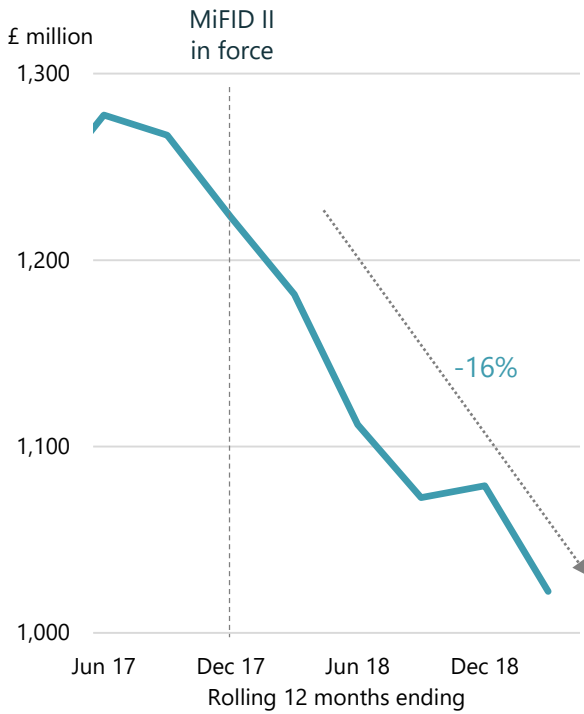




MiFID II MONITOR: Mid market snapshot to 31 March 2019

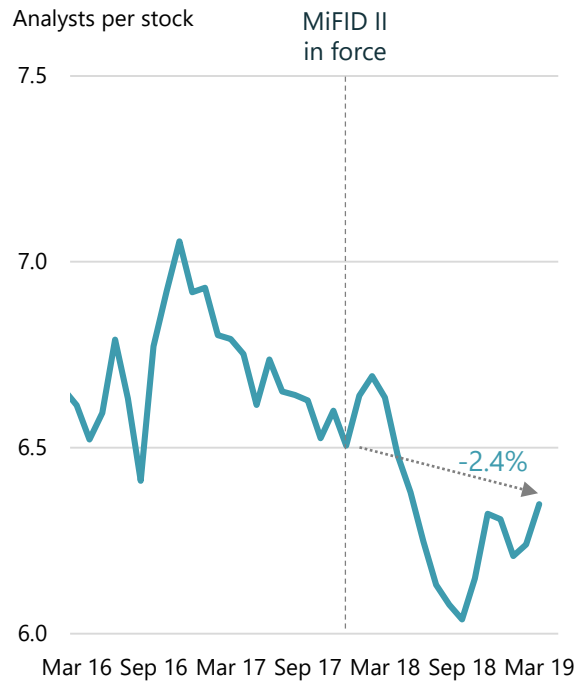
Main Market - avg. estimated annual value traded per stock

On Main Market, average liquidity tightens 16% by end Mar 2019...



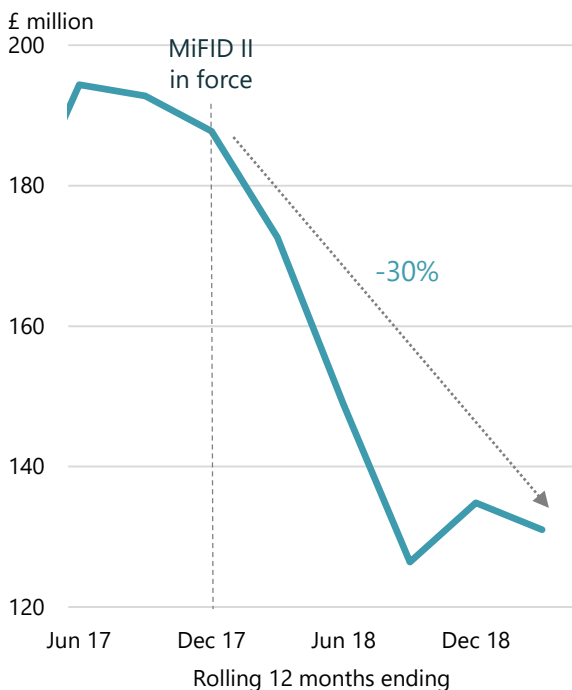
Main Market - average analysts per stock

... and average research coverage down 2.4% since December '17 peak



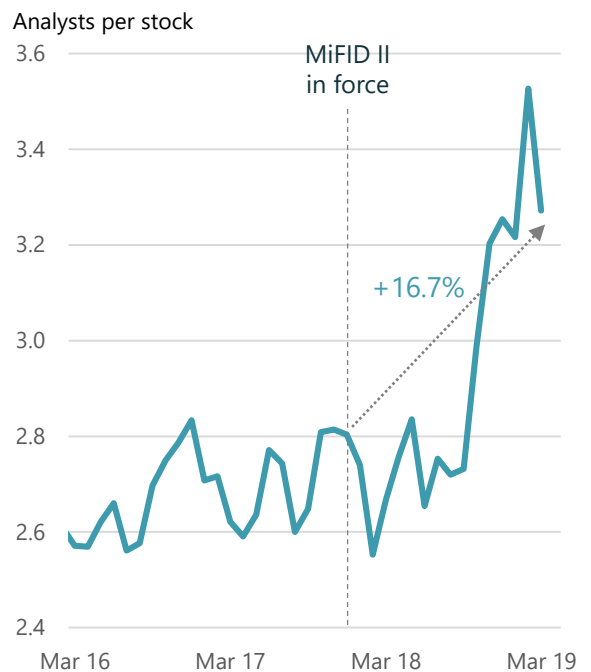
AIM - average estimated annual value traded per stock

AIM Liquidity contracts 30% by end Mar 2019...



AIM - average analysts per stock

... but AIM research coverage up 16.7% since Dec 2017





MiFID II MONITOR: Data to 31 March 2019

LSE Main Market: Average Stock Liquidity

Mkt cap band ¹	Value traded per stock (£millions)								
	Rolling 12M ending					Mar 2019 % change since			
	Dec 17	Mar 18	Sep 18	Dec 18	Mar 19	Dec 17	Mar 18	Dec 18	
Small cap (£0-600m)	78.8	76.7	68.6	68.8	64.4	-18%	-16%	-6.3%	
Mid cap (£600-5,000m)	1,223	1,182	1,073	1,079	1,022	-16%	-13%	-5.2%	
Large cap (>£5,000m)	10,714	10,273	9,278	9,080	8,647	-19%	-16%	-4.8%	
Whole Market	1,641	1,573	1,425	1,374	1,304	-21%	-17%	-5.1%	

LSE Main Market: Average Research Coverage

Mkt cap band ¹	Analyst coverage per stock								
	Period ended					Change since			
	Dec 17	Mar 18	Sep 18	Dec 18	Mar 19	Dec 17	Mar 18	Dec 18	
Small cap (£0-600m)	2.12	2.39	2.34	2.50	2.50	+18%	+4.5%	-0.2%	
Mid cap (£600-4,000m)	6.51	6.63	6.04	6.31	6.35	-2.4%	-4.3%	+0.6%	
Large cap (>£4,000m)	15.7	15.7	14.5	14.8	14.5	-7.6%	-7.8%	-1.9%	
Whole Market	6.36	6.32	5.98	5.92	6.02	-5.4%	-4.8%	+1.7%	

Source: London Stock Exchange, FactSet, Hardman & Co

LSE AIM: Average Stock Liquidity

Mkt cap band ¹	Value traded per stock (£millions)								
	Rolling 12M ending					Mar 2019 % change since			
	Dec 17	Mar 18	Sep 18	Dec 18	Mar 19	Dec 17	Mar 18	Dec 18	
Small cap (£0-200m)	21.3	20.8	20.2	17.9	17.2	-19%	-17%	-4.1%	
Mid cap (£200-600m)	188	173	126	135	131	-30%	-24%	-2.8%	
Large cap (>£600m)	1,120	1,088	876	860	827	-26%	-24%	-3.8%	
Whole Market	67.1	67.5	61.4	58.0	56.0	-16%	-17%	-3.4%	

LSE AIM: Average Research Coverage

Mkt cap band ¹	Analyst coverage per stock								
	Period ended					Change since			
	Dec 17	Mar 18	Sep 18	Dec 18	Mar 19	Dec 17	Mar 18	Dec 18	
Small cap (£0-200m)	0.92	0.96	0.98	1.03	1.00	+8.9%	+4.0%	-3.0%	
Mid cap (£200-600m)	2.80	2.67	2.73	3.25	3.27	+17%	+23%	+0.6%	
Large cap (>£600m)	5.07	5.40	5.21	5.78	6.11	+20%	+13%	+5.6%	
Whole Market	1.24	1.28	1.35	1.38	1.42	+14%	+10%	+2.5%	

Source: London Stock Exchange, FactSet, Hardman & Co

1) LSE Market cap bands broadly equivalent to FTSE-100, FTSE-250, rest of market



Methodology

Liquidity and commission data are derived from London Stock Exchange monthly trading volume reports, and research coverage is sourced from FactSet. Liquidity data is sourced from Hardman's proprietary database, maintained for several years, constructed from London Stock Exchange trade data. Further details available in our October 2017 research 'Liquidity – little understood, even before MiFID II' <http://www.hardmanandco.com/docs/default-source/newsletters/hardman-co-article---liquidity-little-understood-even-before-mifid-ii---october-2017.pdf>

Research coverage data is sourced from FactSet, totalling current publishing analyst broker research coverage for each stock in the FTSE All-Share and FTSE AIM All-Share indices, and presenting as an average across each market capitalisation band. 'Current publishing analysts' is defined as the total number of research firms updating earnings estimates on each stock (FactSet's "Number of Analysts" on the main Estimates screen), up to 270 days old, including all brokers except for the following commissioned research providers: Hardman & Co, Edison Investment Research, Equity Development and Progressive Equity Research. Data is aggregated according to historic market capitalisation at each calendar month end. Averages are total number of publishing analysts for all stocks in each market capitalisation band, divided by number of companies in that band, both as at each calendar month end.

Disclaimer

Hardman & Co provides professional independent research services and all information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable. However, no guarantee, warranty or representation, express or implied, can be given by Hardman & Co as to the accuracy, adequacy or completeness of the information contained in this research and they are not responsible for any errors or omissions or results obtained from use of such information. Neither Hardman & Co, nor any affiliates, officers, directors or employees accept any liability or responsibility in respect of the information which is subject to change without notice and may only be correct at the stated date of their issue, except in the case of gross negligence, fraud or wilful misconduct. In no event will Hardman & Co, its affiliates or any such parties be liable to you for any direct, special, indirect, consequential, incidental damages or any other damages of any kind even if Hardman & Co has been advised of the possibility thereof.

This research has been prepared purely for information purposes, and nothing in this report should be construed as an offer, or the solicitation of an offer, to buy or sell any security, product, service or investment. The research reflects the objective views of the analyst(s) named on the front page and does not constitute investment advice. However, the companies or legal entities covered in this research may pay us a fixed fee in order for this research to be made available. A full list of companies or legal entities that have paid us for coverage within the past 12 months can be viewed at <http://www.hardmanandco.com/legals/research-disclosures>. Hardman may provide other investment banking services to the companies or legal entities mentioned in this report.

Hardman & Co has a personal dealing policy which restricts staff and consultants' dealing in shares, bonds or other related instruments of companies or legal entities which pay Hardman & Co for any services, including research. No Hardman & Co staff, consultants or officers are employed or engaged by the companies or legal entities covered by this document in any capacity other than through Hardman & Co.

Hardman & Co does not buy or sell shares, either for their own account or for other parties and neither do they undertake investment business. We may provide investment banking services to corporate clients. Hardman & Co does not make recommendations. Accordingly, they do not publish records of their past recommendations. Where a Fair Value price is given in a research note, such as a DCF or peer comparison, this is the theoretical result of a study of a range of possible outcomes, and not a forecast of a likely share price. Hardman & Co may publish further notes on these securities, companies and legal entities but has no scheduled commitment and may cease to follow these securities, companies and legal entities without notice.

The information provided in this document is not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to law or regulation or which would subject Hardman & Co or its affiliates to any registration requirement within such jurisdiction or country.

Some or all alternative investments may not be suitable for certain investors. Investments in small and mid-cap corporations and foreign entities are speculative and involve a high degree of risk. An investor could lose all or a substantial amount of his or her investment. Investments may be leveraged and performance may be volatile; they may have high fees and expenses that reduce returns. Securities or legal entities mentioned in this document may not be suitable or appropriate for all investors. Where this document refers to a particular tax treatment, the tax treatment will depend on each investor's particular circumstances and may be subject to future change. Each investor's particular needs, investment objectives and financial situation were not taken into account in the preparation of this document and the material contained herein. Each investor must make his or her own independent decisions and obtain their own independent advice regarding any information, projects, securities, tax treatment or financial instruments mentioned herein. The fact that Hardman & Co has made available through this document various information constitutes neither a recommendation to enter into a particular transaction nor a representation that any financial instrument is suitable or appropriate for you. Each investor should consider whether an investment strategy of the purchase or sale of any product or security is appropriate for them in the light of their investment needs, objectives and financial circumstances.

This document constitutes a 'financial promotion' for the purposes of section 21 Financial Services and Markets Act 2000 (United Kingdom) ('FSMA') and accordingly has been approved by Capital Markets Strategy Ltd which is authorised and regulated by the Financial Conduct Authority (FCA).

No part of this document may be reproduced, stored in a retrieval system or transmitted in any form or by any means, mechanical, photocopying, recording or otherwise, without prior permission from Hardman & Co. By accepting this document, the recipient agrees to be bound by the limitations set out in this notice. This notice shall be governed and construed in accordance with English law. Hardman Research Ltd, trading as Hardman & Co, is an appointed representative of Capital Markets Strategy Ltd and is authorised and regulated by the FCA under registration number 600843. Hardman Research Ltd is registered at Companies House with number 8256259.