

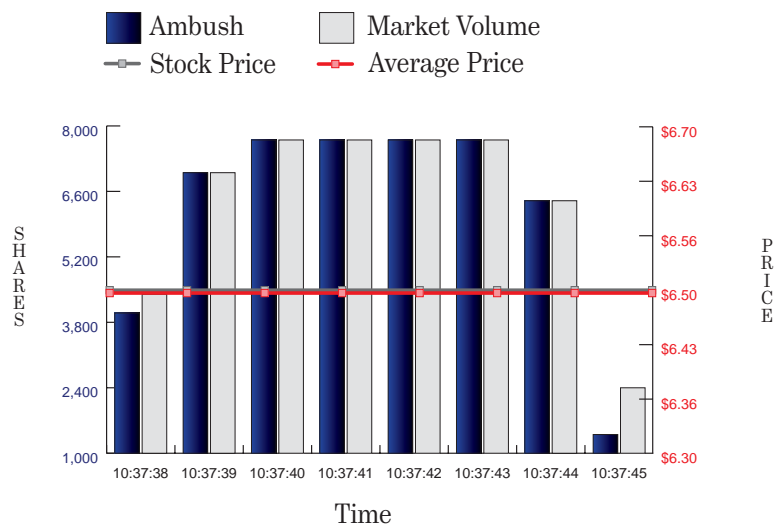
Ambush™ and Instinct™ strategies are adaptive in nature and react to real-time market conditions in unique ways. This adaptive implementation leads to optimized trading execution. First generation strategies like VWAP and TWAP and second generation strategies such as Arrival Price and Departure Price™ use time bins to pre-compute an execution trajectory. These strategies do not adapt to changes in price action, varying liquidity, or other market conditions. Adaptive Implementation strategies like Ambush and Instinct adapt real-time, providing a powerful new way to lower your execution costs while simultaneously trading more stock.

Ambush

You have 50,000 shares to sell in a name that trades 420,000 per day. You need to complete the order immediately and you do not want to 'show your hand' to the market. Ambush takes stock in waves while balancing the speed of execution versus market impact.

Order Characteristics:

- 50,000 shares executed (12% ADV)
- 8 second trade duration
- 99% interval volume
- Implementation shortfall : \$0.00

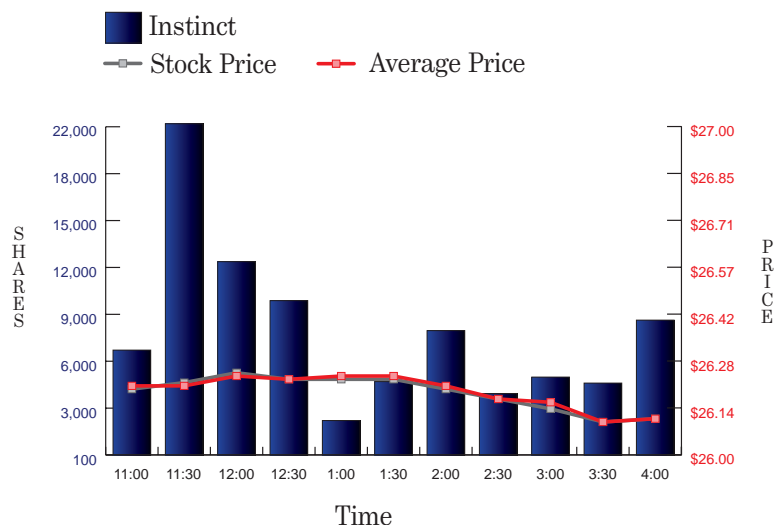


Instinct

You have 100,000 shares to buy in a mid-cap name that trades 400,000 shares per day and your instructions are to work the order best way. Utilizing implementation shortfall theory as the foundation, Instinct will adapt real-time to varying liquidity levels to minimize slippage.

Order Characteristics:

- 100,000 shares executed
- 4 hours and 16 minutes
- Implementation Shortfall: +0.4 cps/+1.7 bps





NWT Financial Group Algorithmic Trading

Third-Generation Algorithms

Ambush™ (AMB)

is best used for orders where both time and information leakage are critical. Ambush utilizes sophisticated order placement techniques and allows traders to choose their urgency based on aggressive, neutral and passive settings. A high percentage of interval volume is to be expected.

Instinct™ (INS)

adapts to real-time market conditions. Instinct allows a larger universe of stocks to be traded in a consistent & proactive manner. The algorithm utilizes sophisticated order placement and quantitative liquidity analysis. Instinct takes implementation shortfall strategies to a new dimension.

Second-Generation Algorithms - Implementation shortfall

Arrival Price (AP)

is a “master-balancer” of the key variables associated with “implementation shortfall”: market impact, volatility, volume, spread, time and return. The strike for an AP order is the midpoint of the bid/ask spread at the time of its arrival. AP will determine the optimal execution time frame for each order.

Departure Price™ (DP)

balances the joint effect of market impact and price volatility with respect to the departure price. The order normally arrives during the expected completion day, and the strategy optimizes the trading curve between the arrival and end of trade time. DP is designed for any stock where your target price is the departure price or better.

First-Generation Algorithms - Time and volume rules based

Target Volume (TVOL)

The TVOL determines completion time of the order and price based on market “ticks” or volume.

Volume Weighted Average Price (VWAP)

The VWAP utilizes smart order placement in conjunction with sophisticated methods of predicting volume for individual securities.

Other First-Generation Algorithms:

- Time Weighted Average Price (TWAP)
- Market Call (MC)
- Direct Market Access (DMA)

Scaling

will work your order at a baseline participation rate depending on your urgency level and will alter the participation rate in conjunction with price movements away from the midpoint at the time the order arrives.

NWT Strategies Available

	Start Time	End Time	Volume Limit	Aggression Level Available	Finish by Market Close	Ability to Set Duration
Ambush™	■	■		■	■	■
Arrival Price	■	■	■	■	■	■
Departure Price™	■	■		■	■	■
DMA						
Instinct™	■	■	■	■	■	■
Market Call	■	■	■	■	■	■
Scaling	■	■	■	■		■
Target Volume	■		■			
TWAP	■	■	■		■	■
VWAP	■	■	■		■	■