IDENTITY OF EXECUTION BROKERS

QUALITY OF EXECUTION REPORT

Sanlam Securities UK Ltd.

2019

**Introduction**

The Firm’s Order Execution Policy sets out the parameters for executing client orders. We take all sufficient steps to obtain the best possible result for our clients by abiding by this policy. Aside from the explicit best execution rules explained in the policy, we have an overriding duty to act honestly, fairly and professionally in accordance with the best interests of our clients at all time.

Sanlam Securities UK Ltd has professional clients only. We always strive to obtain the best outcome for our clients. Hence, Sanlam may exercise its judgment in the best interest of our clients, given the different needs and requirements.

We have a broker approval process in place and a Conflicts of Interest Policy in order to minimise the risks of disadvantaging our clients. There are no close links, conflicts of interests, and common ownership with respect to the execution venues used to execute orders.

Sanlam Securities UK Ltd does not receive any form of remuneration, discount or non-monetary benefit for directing orders to a particular venue or broker for execution. The selection of an execution venue or a broker for an order is driven solely by the factors and inputs as described in our Order Execution Policy. In a change to our execution methods, during 2019 we moved the execution of most of our business previously done directly on The London Stock Exchange, to a single provider, Cowen Execution Services Limited. The benefits of this change were increased access to a wider number of venues through a greater number of MTF platforms.

We have a Dealing Oversight Committee in place where the quality of execution obtained on the execution venues and potential changes to the list of approved brokers is discussed on a regular basis. We also undertake an annual review of all brokers on the approved list. This includes assessments of execution quality, service delivery, regulatory status and the financial standing of the firm. The RTS 27 report has not been proven to be a useful tool for reviewing broker and is not used in this assessment.

The Firm has not used output from consolidated tape providers.

The relative importance the Firm has given to the various execution factors are described in detail for each asset class within this document.

**Table 1: Brokers**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Client Type | **PROFESSIONAL** | | | | |
| 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 | 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 |
| Cowen Execution Services Limited  LEI Code: 213800SS94VGJTFLIG64 | 99.97% | 99.98% | 100% | 0% | 0% |
| SHORE CAPITAL MARKETS LIMITED  LEI Code 213800SL93AE1F9QY139 | 0.01% | 0.01% | 0% | 100% | 0% |
| WINTERFLOOD SECURITIES LTD  LEI Code: 8BRUP6V1DX3PIG2R0745 | 0.01% | 0.01% | 0% | 100% | 0% |

We consider a number of execution strategies, trading entities and venues in order to facilitate the most appropriate choice. The execution factors in order of importance were:

1. Price and liquidity
2. Speed and likelihood of execution
3. Size and nature of the order
4. Costs
5. Likelihood of settlement

The relative importance of each of these factors may vary slightly depending on 1) the intent of the investment manager who created the order and 2) the characteristics of the order, financial instrument and the execution venue.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Client Type | **PROFESSIONAL** | | | | |
| Class of Instrument | **Equities - Shares and Depositary Receipts: Tick size liquidity bands 3 and 4** | | | | |
| Notification if <1 average trade per business day in the previous year | **NO** | | | | |
| Top five execution venues ranked in terms of trading volumes | 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 |
| Cowen Execution Services Limited  LEI Code: 213800SS94VGJTFLIG64 | 99.40% | 98.97% | 0% | 100% | 0% |
| JEFFERIES INTERNATIONAL LIMITED  LEI Code S5THZMDUJCTQZBTRVI98 | 0.21% | 0.26% | 100% | 0% | 0% |
| NUMIS SECURITIES LIMITED  LEI Code: 213800P3F4RT97WDSX47 | 0.18% | 0.10% | 0% | 100% | 0% |
| SHORE CAPITAL MARKETS LIMITED  LEI Code 213800SL93AE1F9QY139 | 0.12% | 0.05% | 0% | 100% | 0% |
| Peel Hunt LLP  LEI Code:5493007DWN0R4YBM4C84 | 0.06% | 0.31% | 0% | 100% | 0% |

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|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Client Type | **PROFESSIONAL** | | | | |
| 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 | 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 |
| Cowen Execution Services Limited  LEI Code: 213800SS94VGJTFLIG64 | 97.58% | 98.32% | 100% | 0% | 0% |
| NUMIS SECURITIES LIMITED  LEI Code: 213800P3F4RT97WDSX47 | 2.26% | 0.25% | 0% | 100% | 0% |
| WINTERFLOOD SECURITIES LTD  (LEI: 8BRUP6V1DX3PIG2R0745) | 0.04% | 0.36% | 0% | 100% | 0% |
| CANTOR FITZGERALD EUROPE  LEI Code 549300KM6VUHPKQLQX53 | 0.03% | 0.20% | 0% | 100% | 0% |
| SHORE CAPITAL MARKETS LIMITED  LEI Code 213800SL93AE1F9QY139 | 0.03% | 0.2% | 0% | 100% | 0% |

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|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Client Type | **PROFESSIONAL** | | | | |
| Class of Instrument | **DEBT INSTRUMENTS: Bonds** | | | | |
| Notification if <1 average trade per business day in the previous year | **YES** | | | | |
| Top five execution venues ranked in terms of trading volumes | 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 |
| BRIDPORT & CO (JERSEY) LTD  LEI: 2138001S6PWXXBKX9S40 | 99.99% | 97.14% | 0% | 100% | 0% |
| GUY BUTLER LIMITED  LEI Code: 213800AG2H8MB5FGJ538 | 0.01% | 2.86% | 0% | 100% | 0% |
| n/a | n/a | n/a | n/a | n/a | n/a |
| n/a | n/a | n/a | n/a | n/a | n/a |
| n/a | n/a | n/a | n/a | n/a | n/a |

The execution factors considered, in order of importance, were:

1. Likelihood of execution and settlement
2. Price and size

The relative importance of each of these factors may vary, for example, if a bond is liquid, then price will be considered the most important factor.

Price discovery is one of the most challenging aspects of trading Fixed Income. We use MTF’s as they provide a better price discovery function.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Client Type | **PROFESSIONAL** | | | | |
| Class of Instrument | **DEBT INSTRUMENTS: Money Markets** | | | | |
| Notification if <1 average trade per business day in the previous year | **YES** | | | | |
| Top five execution venues ranked in terms of trading volumes | 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 |
| BRIDPORT & CO (JERSEY) LTD  LEI: 2138001S6PWXXBKX9S40 | 100% | 100% | 0% | 100% | 0% |
| n/a | n/a | n/a | n/a | n/a | n/a |
| n/a | n/a | n/a | n/a | n/a | n/a |
| n/a | n/a | n/a | n/a | n/a | n/a |
| n/a | n/a | n/a | n/a | n/a | n/a |

The execution factors considered, in order of importance, were:

1. Likelihood of execution and settlement
2. Price and size

The relative importance of each of these factors may vary, for example, if a bond is liquid, then price will be considered the most important factor.

Price discovery is one of the most challenging aspects of trading Fixed Income. We use MTF’s as they provide a better price discovery function.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Client Type | **PROFESSIONAL** | | | | |
| Class of Instrument | **Exchange Traded Products (Exchange Traded Funds, Exchange Traded Notes and Exchange Traded Commodities)** | | | | |
| Notification if <1 average trade per business day in the previous year | **NO** | | | | |
| Top five execution venues ranked in terms of trading volumes | 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 |
| Cowen Execution Services Limited  (LEI Code 213800SS94VGJTFLIG64) | 100.00% | 100.00% | 100% | 0% | 0% |
| n/a | n/a | n/a | n/a | n/a | n/a |
| n/a | n/a | n/a | n/a | n/a | n/a |
| n/a | n/a | n/a | n/a | n/a | n/a |
| n/a | n/a | n/a | n/a | n/a | n/a |

We use a small number of selected brokers to execute Exchange Traded Products due to the very low volumes traded and also their experience in trading ETF’s. We tend to trade liquid and vanilla ETF’s, therefore the execution factors considered were as follows:

1. Price
2. Size
3. Speed and likelihood of execution
4. Costs

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Client Type | **PROFESSIONAL** | | | | |
| Class of Instrument | **Securitized Derivatives: Warrants and Certificate Derivatives** | | | | |
| Notification if <1 average trade per business day in the previous year | **YES** | | | | |
| Top five execution venues ranked in terms of trading volumes | 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 |
| BRIDPORT & CO (JERSEY) LTD  LEI: 2138001S6PWXXBKX9S40 | 60.04% | 14.29% | 100% | 0% | 0% |
| Cowen Execution Services Limited  LEI Code: 213800SS94VGJTFLIG64 | 39.96% | 85.71% | n/a | n/a | n/a |
| n/a | n/a | n/a | n/a | n/a | n/a |
| n/a | n/a | n/a | n/a | n/a | n/a |
| n/a | n/a | n/a | n/a | n/a | n/a |

We are responsible for the issuer selection, evaluating best execution on behalf of our clients and selecting the issuers that deliver the best possible result in respect of the execution of structured notes.

For primary offerings, we will generally compare multiple bids. In most cases, the issuer selection is a result of best deal economics. In the majority of situations, secondary offerings are required to be executed with the same dealer which facilitated in the initial issuance of the products. The execution factors we took into consideration were:

1. Product availability
2. Price
3. Liquidity
4. Cost

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Client Type | **PROFESSIONAL** | | | | |
| Class of Instrument | **Other Instruments** | | | | |
| Notification if <1 average trade per business day in the previous year | **YES** | | | | |
| Top five execution venues ranked in terms of trading volumes | 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 |
| Cowen Execution Services Limited  LEI Code: 213800SS94VGJTFLIG64 | 100% | 100% | 100% | 0% | 0% |
| n/a | n/a | n/a | n/a | n/a | n/a |
| n/a | n/a | n/a | n/a | n/a | n/a |
| n/a | n/a | n/a | n/a | n/a | n/a |
| n/a | n/a | n/a | n/a | n/a | n/a |

This instrument class include Australian equities. We consider a number of execution strategies, trading entities and venues in order to facilitate the most appropriate choice. The execution factors in order of importance were:

1. Price and liquidity
2. Speed and likelihood of execution
3. Size and nature of the order
4. Costs
5. Likelihood of settlement

The relative importance of each of these factors may vary slightly depending on 1) the intent of the investment manager who created the order and 2) the characteristics of the order, financial instrument and the execution venue.

**Table 2: Venues**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Client Type | **PROFESSIONAL** | | | | |
| 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 | 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 |
| LONDON STOCK EXCHANGE PLC  LEI Code 213800D1EI4B9WTWWD28 | 100% | 100% | 0% | 100% | 0% |
| n/a | n/a | n/a | n/a | n/a | n/a |
| n/a | n/a | n/a | n/a | n/a | n/a |
| n/a | n/a | n/a | n/a | n/a | n/a |
| n/a | n/a | n/a | n/a | n/a | n/a |

We consider a number of execution strategies, trading entities and venues in order to facilitate the most appropriate choice. The execution factors in order of importance were:

1. Price and liquidity
2. Speed and likelihood of execution
3. Size and nature of the order
4. Costs
5. Likelihood of settlement

The relative importance of each of these factors may vary slightly depending on 1) the intent of the investment manager who created the order and 2) the characteristics of the order, financial instrument and the execution venue.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Client Type | **PROFESSIONAL** | | | | |
| Class of Instrument | **Equities - Shares and Depositary Receipts: Tick size liquidity bands 3 and 4** | | | | |
| Notification if <1 average trade per business day in the previous year | **NO** | | | | |
| Top five execution venues ranked in terms of trading volumes | 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 |
| LONDON STOCK EXCHANGE PLC  LEI Code 213800D1EI4B9WTWWD28 | 100% | 100% | 0% | 100% | 0% |
| n/a | n/a | n/a | n/a | n/a | n/a |
| n/a | n/a | n/a | n/a | n/a | n/a |
| n/a | n/a | n/a | n/a | n/a | n/a |
| n/a | n/a | n/a | n/a | n/a | n/a |

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1. Price and liquidity
2. Speed and likelihood of execution
3. Size and nature of the order
4. Costs
5. Likelihood of settlement

The relative importance of each of these factors may vary slightly depending on 1) the intent of the investment manager who created the order and 2) the characteristics of the order, financial instrument and the execution venue.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Client Type | **PROFESSIONAL** | | | | |
| 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 | 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 |
| LONDON STOCK EXCHANGE PLC  LEI Code 213800D1EI4B9WTWWD28 | 100% | 100% | 0% | 100% | 0% |
| n/a | n/a | n/a | n/a | n/a | n/a |
| n/a | n/a | n/a | n/a | n/a | n/a |
| n/a | n/a | n/a | n/a | n/a | n/a |
| n/a | n/a | n/a | n/a | n/a | n/a |

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The relative importance of each of these factors may vary slightly depending on 1) the intent of the investment manager who created the order and 2) the characteristics of the order, financial instrument and the execution venue.