IDENTITY OF EXECUTION VENUES AND BROKERS

QUALITY OF EXECUTION REPORT

Sanlam Private Investments (UK) Ltd

Professional Clients

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.

There may be various reasons for executing client orders undertaken as part of a number of possible contractual relationships with a client, namely discretionary, advisory or execution-only. In order to meet these distinct needs, we have investigated and considered a number of execution strategies and trading entities and venues in order to facilitate the most appropriate choice.

Sanlam Private Investments (UK) has both professional and retail clients. We always strive to obtain the best outcome for our clients. Hence, Sanlam Private Investments (UK) may exercise its judgment in the best interest of our clients, given the different needs and requirements. This report presents the trading entities for the firm’s professional clients only. We have created a separate report for retail clients, which can be found on our website.

The Firm placed client orders with a close affiliate, Sanlam Securities UK Limited.  We are managing this conflict of interest by having a broker approval process in place and a Conflicts of Interest Policy in order to minimise the risks of disadvantaging our clients.

Sanlam Private Investments (UK) 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 a broker for an order is driven solely by the factors and inputs as described in our Order Execution Policy. During the year we undertook a reorganisation of internal arrangements for order handling and this resulted in a wider number of brokers becoming available for execution. The following changes were made to the approved broker list in 2019:

Additions:

* Cowen Execution Services LLC
* Instinet Europe Limited
* Citigroup Global Markets Limited
* Deutsche Bank Aktiengesellschaft
* Natwest Markets Plc
* Credit Suisse Securities (Europe) Limited

Removals:

* Catley Lakeman May Limited
* UBS AG
* Sanlam Securities UK Ltd

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.

|  |  |
| --- | --- |
| Class of Instrument  | Equities – Shares & Depositary Receipts: Tick size liquidity bands 5 and 6  |
| 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 |
| SANFORD C. BERNSTEIN LTD USALEI Code 549300I7JYZHT7D5CO04 | 53.49% | 44.65% | n/a | n/a | 0% |
| REDBURN (EUROPE) LIMITEDLEI Code 213800PKEJQZQXQCOJ04 | 21.43% | 35.17% | n/a | n/a | 0% |
| SANFORD C. BERNSTEIN LTD EUROPELEI Code 54930049G8WQ5OOUSD19 | 8.42% | 3.98% | n/a | n/a | 0% |
| INSTINET EUROPE LIMITEDLEI Code 213800MXAKR2LA1VBM44 | 5.66% | 3.98% | n/a | n/a | 0% |
| COWEN EXECUTION SERVICES LIMITEDLEI Code 213800SS94VGJTFLIG64 | 5.58% | 1.73% | n/a | n/a | 0% |

We consider a number of execution strategies and trading entities 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.

|  |  |
| --- | --- |
| Class of Instrument  | Equities – Shares & Depositary Receipts: Tick size liquidity bands 3 and 4  |
| 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 |
| REDBURN (EUROPE) LIMITEDLEI Code 213800PKEJQZQXQCOJ04 | 58.27% | 65.35% | n/a | n/a | 0% |
| SANFORD C. BERNSTEIN LTD USALEI Code 549300I7JYZHT7D5CO04 | 24.63% | 22.83% | n/a | n/a | 0% |
| INSTINET EUROPE LIMITEDLEI Code 213800MXAKR2LA1VBM44 | 7.05% | 5.51% | n/a | n/a | 0% |
| SANFORD C. BERNSTEIN LTD EUROPELEI Code 54930049G8WQ5OOUSD19 | 6.22% | 2.36% | n/a | n/a | 0% |
| COWEN EXECUTION SERVICES LIMITEDLEI Code 213800SS94VGJTFLIG64 | 3.51% | 0.79% | n/a | n/a | 0% |

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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.

|  |  |
| --- | --- |
| Class of Instrument  | Equities – Shares & Depositary Receipts: Tick size liquidity bands 1 and 2  |
| 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 |
| SANFORD C. BERNSTEIN LTD USALEI Code 549300I7JYZHT7D5CO04 | 82.76% | 56.76% | n/a | n/a | 0% |
| REDBURN (EUROPE) LIMITEDLEI Code 213800PKEJQZQXQCOJ04 | 5.38% | 18.92% | n/a | n/a | 0% |
| COWEN EXECUTION SERVICES LIMITEDLEI Code 213800SS94VGJTFLIG64 | 4.47% | 2.03% | n/a | n/a | 0% |
| INSTINET EUROPE LIMITEDLEI Code 213800MXAKR2LA1VBM44 | 4.37% | 2.70% | n/a | n/a | 0% |
| Sanlam Securities UK LtdLEI Code 2138006VCI4XWW7H6X35 | 1.52% | 14.86% | n/a | n/a | 0% |

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

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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.

|  |  |
| --- | --- |
| 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  | 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 |
| Redburn (Europe) LimitedLEI Code 213800PKEJQZQXQCOJ04 | 74.11% | 64.29% | n/a | n/a | 0% |
| SANFORD C. BERNSTEIN LTD USALEI Code 549300I7JYZHT7D5CO04 | 25.89% | 35.71% | n/a | n/a | 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 |

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

|  |  |
| --- | --- |
| Class of Instrument  | Debt instruments: Bonds |
| 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 |
| J.P. MORGAN SECURITIES PLCLEI Code K6Q0W1PS1L1O4IQL9C32 | 46.34% | 36.80% | n/a | n/a | 0% |
| CITIGROUP GLOBAL MARKETS LIMITEDLEI Code XKZZ2JZF41MRHTR1V493 | 19.84% | 29.60% | n/a | n/a | 0% |
| DEUTSCHE BANK AKTIENGESELLSCHAFTLEI Code 7LTWFZYICNSX8D621K86 | 18.91% | 14.40% | n/a | n/a | 0% |
| NATWEST MARKETS PLCLEI Code RR3QWICWWIPCS8A4S074 | 8.08% | 12.80% | n/a | n/a | 0% |
| CREDIT SUISSE SECURITIES (EUROPE) LIMITEDLEI Code DL6FFRRLF74S01HE2M14 | 5.41% | 5.60% | n/a | n/a | 0% |

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

1. Likelihood of execution and settlement
2. Price
3. Costs
4. Size and nature of order

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. Generally, we use Multi-Lateral Trading Facilities (MTFs) as they provide a better price discovery function.