IDENTITY OF EXECUTION VENUES AND BROKERS

QUALITY OF EXECUTION

Sanlam Private Investments (UK) Ltd

Retail Clients

2020

**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. Specifically, best execution for retail client orders is assessed on the basis of “total consideration” which is the sum of the price and the costs incurred by clients. This report includes orders arising from discretionary, advisory and execution-only business undertaken for segregated clients’ accounts. We have created a separate report for professional 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.

The Firm outsourced a significant portion of the administration of its assets to Pershing Securities Limited mid-way through 2020. As part of the outsourcing arrangement, Pershing became the sole executing broker of the affected assets.

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

We have a Product 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 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  | No |
| 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 |
| Sanlam Securities UK LimitedLEI Code 2138006VCI4XWW7H6X35 | 54.16% | 10.05% | n/a | n/a | 0% |
| Pershing Securities LimitedLEI Code 549300NC3GURN0AEZU06 | 30.14% | 33.73% | n/a | n/a | 0% |
| Winterflood Securities LimitedLEI Code 8BRUP6V1DX3PIG2R0745 | 15.70% | 56.22% | 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 |

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

For orders in **Investment Trusts**, the execution factors are listed below in the order of importance.

1. Price and cost
2. Likelihood of execution

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  | No |
| 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 |
| Sanlam Securities UK LimitedLEI Code 2138006VCI4XWW7H6X35 | 57.71% | 14.06% | n/a | n/a | 0% |
| Pershing Securities LimitedLEI Code 549300NC3GURN0AEZU06 | 29.40% | 32.63% | n/a | n/a | 0% |
| Winterflood Securities LimitedLEI Code 8BRUP6V1DX3PIG2R0745 | 15.89% | 53.32% | 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 |

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|  |  |
| --- | --- |
| 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  | No |
| 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 |
| Sanlam Securities UK LimitedLEI Code 2138006VCI4XWW7H6X35 | 57.64% | 7.87% | n/a | n/a | 0% |
| Winterflood Securities LimitedLEI Code 8BRUP6V1DX3PIG2R0745 | 21.54% | 57.38% | n/a | n/a | 0% |
| Pershing Securities LimitedLEI Code 549300NC3GURN0AEZU06 | 20.82% | 34.75% | 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 |

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|  |  |
| --- | --- |
| Class of Instrument  | Equities – Shares & Depositary Receipts |
| Notification if <1 average trade per business day in the previous year  | No |
| 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 |
| Sanlam Securities UK LimitedLEI Code 2138006VCI4XWW7H6X35 | 57.23% | 11.85% | n/a | n/a | 0% |
| Winterflood Securities LimitedLEI Code 8BRUP6V1DX3PIG2R0745 | 22.52% | 50.41% | n/a | n/a | 0% |
| Pershing Securities LimitedLEI Code 549300NC3GURN0AEZU06 | 20.24% | 37.75% | 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 |

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|  |  |
| --- | --- |
| Class of Instrument  | Debt instruments: Bonds |
| Notification if <1 average trade per business day in the previous year  | No |
| 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 |
| Pershing Securities LimitedLEI Code 549300NC3GURN0AEZU06 | 51.73% | 22.52% | n/a | n/a | 0% |
| Winterflood Gilts LimitedLEI Code 213800BD519H2YV9R748 | 48.27% | 77.48% | 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 |

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

|  |  |
| --- | --- |
| 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 (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 |
| Winterflood Gilts LimitedLEI Code 213800BD519H2YV9R748 | 67.04% | 75.00% | n/a | n/a | 0% |
| Pershing Securities LimitedLEI Code 549300NC3GURN0AEZU06 | 32.96% | 25.00% | 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 |

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.

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|  |  |
| --- | --- |
| Class of Instrument  | Securitized derivatives: Other securitized derivatives  |
| Notification if <1 average trade per business day in the previous year  | No |
| 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 |
| Catley Lakeman May LtdLEI Code 2138003PXLT3ZCM8S325 | 56.91% | 45.43% | n/a | n/a | 0% |
| SG Option EuropeLEI Code 969500FDN8G43HMHZM83 | 23.52% | 24.03% | n/a | n/a | 0% |
| Pershing Securities LimitedLEI Code 549300NC3GURN0AEZU06 | 11.06% | 20.16% | n/a | n/a | 0% |
| CIBC World Markets PLCLEI Code BVRCO19C4GKNSAXXHE82 | 8.51% | 10.38% | n/a | n/a | 0% |
| 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 products.

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. Likelihood of execution and settlement
2. Price and size

|  |  |
| --- | --- |
| Class of Instrument  | Securitized derivatives: Warrants and certificate derivatives |
| Notification if <1 average trade per business day in the previous year  | n/a |
| 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 |
| 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 |
| n/a | n/a | n/a | n/a | n/a | n/a |

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

|  |  |
| --- | --- |
| 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 (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 |
| Pershing Securities LimitedLEI Code 549300NC3GURN0AEZU06 | 55.59% | 32.94% | n/a | n/a | 0% |
| Sanlam Securities UK LimitedLEI Code 2138006VCI4XWW7H6X35 | 38.36% | 22.29% | n/a | n/a | 0% |
| Winterflood Securities LimitedLEI Code 8BRUP6V1DX3PIG2R0745 | 6.05% | 44.77% | 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 |

We tend to trade liquid and vanilla ETFs, therefore the execution factors considered were as follow:

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

|  |  |
| --- | --- |
| Class of Instrument  | Other Instruments |
| Notification if <1 average trade per business day in the previous year  | No |
| 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 |
| Winterflood Securities LimitedLEI Code 8BRUP6V1DX3PIG2R0745 | 61.31% | 71.43% | n/a | n/a | 0% |
| Pershing Securities LimitedLEI Code 549300NC3GURN0AEZU06 | 38.69% | 28.57% | 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 |

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