



Quality of Execution and Regulatory Technical Standard 28 Report 2018

Introduction

This document contains the annual disclosure of information required by Regulatory Technical Standard 28 of the MIFID II regulation for the year ended 31st December 2018. This disclosure is for the Sarasin Group of companies, which are Sarasin & Partners LLP, Sarasin Asset Management Limited, Sarasin Investment Funds Limited and Sarasin Funds Management (Ireland) Limited (in their capacity as fund management companies of a number of authorised funds), together “Sarasin”. Sarasin Investment Funds Limited and Sarasin Funds Management (Ireland) Limited have appointed Sarasin & Partners LLP (S&P) as investment manager to the funds. These Regulations require asset managers, to disclose their top 5 venues based on trading volumes, along with a summary of the analysis and conclusions made on the quality of execution.

When executing orders, we take a variety of factors into consideration to meet our best execution requirement to our clients. We believe that price and cost are the most important factors; therefore, the best possible result is typically determined in terms of total consideration. Other factors such as speed, likelihood of execution, market impact and size are also taken into account. These may take precedence over the immediate price and cost, but only if they contribute to delivering the best possible result in terms of the total overall price and cost to the client. Sarasin & Partners LLP provides portfolio management services for retail and professional clients. In executing orders on behalf of clients, no distinction is made between categories of client, and therefore all clients are treated the same, and may be aggregated together (unless otherwise specified by a client specific agreement). The general execution factors and their importance for each asset class are described below.

We will carry out transactions in financial instruments by either placing an order with a broker or by dealing directly with a trading venue - which may include a multi-lateral trading facility (MTF), organised trading facility (OTF) or a systematic internaliser (SI)). Where we have traded with execution venues as is the case with Bonds, we have also provided the underlying broker information for completeness.

We can only trade with counterparties who are on Sarasin’s approved list of counterparties. Every counterparty must undergo a thorough assessment to ascertain whether they meet the criteria for approval, using both quantitative and qualitative data, and will be subject to ongoing monitoring. We ensure that all counterparties have arrangements in place that allow us to comply with our obligation to provide the best possible outcome for our clients.

At present, there are no consolidated tape providers established in Europe. Therefore, we have not used consolidated tape provider data in evaluating the quality of execution obtained.

We do not receive any payments, discounts, rebates or non-monetary benefits as a consequence of our trading relationships, except for minor non-monetary benefits as allowed by the FCA. We do not trade with any affiliated entities, unless mandated by clients for certain FX transactions with their nominated Custodian.

During the year Sarasin set up a Best Execution Forum to enhance ‘first line’ monitoring. The Forum uses an independent TCA (transaction cost analysis) tool and internal reports, to help analyse transaction factors. The forum consists of representatives from the Asset Management, Compliance, Risk and Operations departments, as well as the trading team.

1. Equities – shares, depositary receipts and ETF’s

For the year ended 2018, equity transactions are subdivided into three classes of liquidity band.

TABLE 1

Class of instrument

Equities- Shares and Depositary Receipts
(Tick Size 1 and 2 0-79 trades per day)

Notification if <1 average trade per business day in the previous year

No

Top 5 Venues ranked in terms of volume (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders traded as a percentage of total in that class	Percentage of Passive orders	Percentage of aggressive orders	Percentage of directed orders
Deutsche Bank (7LTFZYICNSX8D621K86)	22.87%	28.74%	N/A	N/A	0%
Atlantic Equities LLP (213800327M9B4D9S1553)	13.58%	2.11%	N/A	N/A	0%
Instinet Europe Limited (213800MXAKR2LA1VBM44)	11.88%	3.21%	N/A	N/A	0%
HSBC Bank Limited (MP6I5ZYBEU3UXPFY54)	10.59%	31.13%	N/A	N/A	0%
UBS (REYPIEJN7XZHSUI0N355)	9.07%	18.35%	N/A	N/A	0%

TABLE 2

Class of instrument

Equities- Shares and Depositary Receipts
(Tick Size 3 and 4 80-1999 trades per day)

Notification if <1 average trade per business day in the previous year

No

Top 5 Venues ranked in terms of volume (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders traded as a percentage of total in that class	Percentage of Passive orders	Percentage of aggressive orders	Percentage of directed orders
Royal Bank of Canada (TXDSU46SXBWIGJ8G8E98)	18.92%	3.39%	N/A	N/A	0%
Deutsche Bank (7LTFZYICNSX8D621K86)	18.48%	31.97%	N/A	N/A	0%
Liquidnet (REYPIEJN7XZHSUI0N355)	9.61%	0.85%	N/A	N/A	0%
Numis Securities (213800P3F4RT97WDSX47)	7.40%	6.30%	N/A	N/A	0%
UBS (REYPIEJN7XZHSUI0N355)	6.36%	11.70%	N/A	N/A	0%

TABLE 3

Class of instrument

Equities- Shares and Depository Receipts
(Tick Size 5 and 6 from 2000 trades per day)

Notification if <1 average trade per business day in the previous year

No

Top 5 Venues ranked in terms of volume (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders traded as a percentage of total in that class	Percentage of Passive orders	Percentage of aggressive orders	Percentage of directed orders
Deutsche Bank (7LTFWZYICNSX8D621K86)	29.45%	46.22%	N/A	N/A	0%
Royal Bank of Canada (TXDSU46SXBWIGJ8G8E98)	18.65%	4.43%	N/A	N/A	0%
Instinet Europe Limited (213800MXAKR2LA1VBM44)	12.57%	7.50%	N/A	N/A	0%
UBS (REYPIEJN7XZHSUI0N355)	10.79%	18.94%	N/A	N/A	0%
HSBC (MP6I5ZYZBEU3UXPYFY54)	5.55%	18.35%	N/A	N/A	0%

TABLE 4

Class of instrument

Equities- Shares and Depository Receipts
No Band

Notification if <1 average trade per business day in the previous year

No

Top 5 Venues ranked in terms of volume (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders traded as a percentage of total in that class	Percentage of Passive orders	Percentage of aggressive orders	Percentage of directed orders
Deutsche Bank (7LTFWZYICNSX8D621K86)	95.42%	30.21%	N/A	0%	0%
Goldman Sachs International (W22LROWP2IHZNBB6K528)	3.48%	15.90%	N/A	0%	0%
HSBC (MP6I5ZYZBEU3UXPYFY54)	0.74%	50.23%	N/A	0%	0%
Virtu Financial (549300346EFUPFCXJT79)	0.08%	0.44%	N/A	0%	0%
CLSA (213800VZMAGVIU2IJA72)	0.07%	1.20%	N/A	0%	0%

TABLE 5

Class of instrument

Exchange Traded Products

Notification if <1 average trade per business day in the previous year

No

Top 5 Venues ranked in terms of volume (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders traded as a percentage of total in that class	Percentage of Passive orders	Percentage of aggressive orders	Percentage of directed orders
Virtu Financial (549300346EFUPFCXJT79)	72.17%	38.16%	N/A	N/A	0%
Atlantic Equities LLP (213800327M9B4D9S1553)	14.07%	3.38%	N/A	N/A	0%
Instinet Europe Limited (213800MXAKR2LA1VBM44)	6.26%	21.26%	N/A	N/A	0%
Deutsche Bank (7LTFWZYICNSX8D621K86)	3.85%	13.53%	N/A	N/A	0%
HSBC	1.44%	7.97%	N/A	N/A	0%

(MP6ISZYZBEU3UXPYFY54)					
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Execution Factors:

Price, Cost and Size are generally the most important factors for equity and equity like instruments. Our trading was predominantly in developed global markets where access to liquidity was high. In the majority of these cases, price and cost were the most important factors. In less liquid stocks, where the order represents a large percentage of the daily volume, factors such as size, and likelihood of execution increased in priority.

At the start of 2018 the Approved Counterparty Broker List was reviewed and a number of brokers were removed as there had been a low level of utilisation. Two new brokers were added enhancing our access to block liquidity, especially in high average daily volume orders.

2. Debt instruments – Bonds and Money Market Instruments.

Class of instrument

Debt Instruments - Bonds

Notification if <1 average trade per business day in the previous year

No

Top 5 Venues ranked in terms of volume (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders traded as a percentage of total in that class	Percentage of Passive orders	Percentage of aggressive orders	Percentage of directed orders
Bloomberg BMTF	100%	100%	N/A	N/A	0%

Class of instrument

Debt Instruments- Bonds - underlying broker information for completeness.

Notification if <1 average trade per business day in the previous year

No

Top 5 Venues ranked in terms of volume (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders traded as a percentage of total in that class	Percentage of Passive orders	Percentage of aggressive orders	Percentage of directed orders
Morgan Stanley (7LTFZYICNSX8D621K86)	13.82%	10.58%	N/A	N/A	0%
BGC Brokers (Mint Partners) (ZWNFQ48RUL8VJZ2AIC12)	11.09%	30.89%	N/A	N/A	0%
Natwest Markets PLC (RR3QWICWWIPCS8A4S074)	8.98%	4.99%	N/A	N/A	0%
Goldman Sachs International (W22LROWP2IHZNBB6K528)	8.20%	5.88%	N/A	N/A	0%
Barclays (G5GSEF7VJP5I7OUK5573)	7.61%	4.87%	N/A	N/A	0%

Class of instrument

Debt Instruments - Money Market

Notification if <1 average trade per business day in the previous year

No

Top 5 Venues ranked in terms of volume (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders traded as a percentage of total in that class	Percentage of Passive orders	Percentage of aggressive orders	Percentage of directed orders
Nomura International (DGQCSV2PHVF7I2743539)	53.46%	57.50%	N/A	N/A	0%
Deutsche Bank (7LTFZYICNSX8D621K86)	16.02%	17.50%	N/A	N/A	0%
Goldman Sachs International	11.32%	7.5%	N/A	N/A	0%

(W22LROWP2IHZNBB6K528)					
Morgan Stanley (7LTWFZYICNSX8D621K86)	8.58%	7.5%	N/A	N/A	0%
Barclays (G5GSEF7VJP517OUK5573)	6.19%	2.50%	N/A	N/A	0%

Execution Factors:

Price, Cost and Size are given the most important priority for Bonds and Money Market instruments. We utilise an RFQ mechanism for bond trading. This allows us to simultaneously ask brokers for a quote. In selecting which counterparties to ask, we will assess a number of factors such as, indicative prices and execution hit rates. If the order is deemed large in nature or illiquid, then the number of counterparties we request a quote from, might be reduced, to minimize information leakage and therefore size and likelihood of execution increase in priority.

No brokers were added or removed during 2018.

3. Currency derivatives – swaps, forwards and other currency derivatives.

Class of instrument

Currency derivatives – swaps, forwards and other currency derivatives.

Notification if <1 average trade per business day in the previous year

No

Top 5 Venues ranked in terms of volume (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders traded as a percentage of total in that class	Percentage of Passive orders	Percentage of aggressive orders	Percentage of directed orders
Bank of New York Mellon (HPFHU00Q28E4N0NFVK49)	96.52%	64.55%	N/A	N/A	0%
RBC Trust Company Limited (0LC1OXN013FUKQASJB58)	1.49%	10.79%	N/A	N/A	0%
Northern Trust (6PTKHDJ8HDUF78PFWH30)	0.30%	1.83%	N/A	N/A	0%
ABN Amro Bank Luxembourg (549300G2LNCJ31YTLE60)	0.12%	0.57%	N/A	N/A	100%
Banque J Safra Sarasin (5493008LFIYZKT5TJ445)	0.06%	0.46%	N/A	N/A	100%

Execution Factors:

Price and Settlement are the factors given priority for FX forward transactions. We trade FX Forward transactions with our core global custodian, The Bank of New York Mellon in order to mitigate risk and streamline operational efficiencies.

Where the client directs trades, this is typically with their own global custodian, with whom they have made their own contractual arrangements, including cost.

4. Equity derivatives – options and futures admitted to trade on a trading venue.

Class of instrument

Equity derivatives – options and futures admitted to trade on a trading venue.

Notification if <1 average trade per business day in the previous year

No

Top 5 Venues ranked in terms of volume (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders traded as a percentage of total in that class	Percentage of Passive orders	Percentage of aggressive orders	Percentage of directed orders
Goldman Sachs International (W22LROWP2IHZNBB6K528)	85.69%	70.43%	N/A	N/A	0%
Bank of America Merrill Lynch (GGDZP1UYGU9STUHRDP48)	11.75%	21.96%	N/A	N/A	0%
UBS (REYPIEJN7XZHSUI0N355)	2.51%	6.96%	N/A	N/A	0%
Morgan Stanley (7LTWFZYICNSX8D621K86)	0.05%	0.65%	N/A	N/A	0%

Execution Factors:

Price, Cost and Size are considered the most important factors for exchange-traded derivatives (ETD). We use a central clearing counterparty but maintain trading relationships with a broad spread of brokers, providing considerable flexibility when seeking price transparency and liquidity. Depending on the size of the order, we may use an RFQ mechanism, where we receive simultaneous quotes from a minimum of three counterparties. In instances where order sizes are large, one broker may be chosen to minimise market impact.

Securitized Derivatives – Warrants and Certificate Derivatives

Notification if <1 average trade per business day in the previous year

Yes

Top 5 Venues ranked in terms of volume (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders traded as a percentage of total in that class	Percentage of Passive orders	Percentage of aggressive orders	Percentage of directed orders
Deutsche Bank (7LTWFZYICNSX8D621K86)	69.71%	50%			
Barclays (G5GSEF7VJP517OUK5573)	30.29%	50%			

Execution Factors:

On rare occasions, we may trade in securitized derivatives. Price is generally the most important factor for Certificated Derivatives. Multiple brokers are simultaneously asked for a quote, with the best price being chosen. All quotes are stored.

5. Contracts for difference.

Notification if <1 average trade per business day in the previous year

No

Top 5 Venues ranked in terms of volume (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders traded as a percentage of total in that class	Percentage of Passive orders	Percentage of aggressive orders	Percentage of directed orders
Deutsche Bank (7LTWFZYICNSX8D621K86)	42.56%	10.79%	N/A	N/A	0%
Goldman Sachs International (W22LROWP2IHZNBB6K528)	33.10%	70.78%	N/A	N/A	0%
HSBC (MP6I5ZYZBEU3UXPYFY54)	18.81%	14.18%	N/A	N/A	0%
Bank of America Merrill Lynch (GGDZP1UYGU9STUHRDP48)	5.53%	4.55%	N/A	N/A	0%

Execution Factors:

Price is generally the most important factor for CFD products. Multiple brokers are simultaneously asked for a quote, with the best price being chosen. All quotes are stored.

Important Information

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