



# Macquarie Investment Management Europe Limited

## Best Execution: RTS 28 Report

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# 1. Scope and Application

## 1.1 Purpose of this Report

This report has been prepared by Macquarie Investment Management Europe Limited (MIMEL) for the purposes of EU Commission Delegated Regulation (EU) 2017/576 ('RTS 28') that supplements EU Directive 2014/65/EU ('MiFID II') which sets out regulatory technical standards for the annual publication by MiFID II investment firms of information on the identity of execution venues and on the quality of execution.

This report has been prepared to enable the public and clients to evaluate the quality of MIMEL's execution practices and to identify the top five execution venues in terms of trading volumes where investment firms executed client orders in the preceding year.

## 1.2 Entities in Scope

This document applies to MIMEL, being an investment firm authorised and regulated by the UK Financial Conduct Authority (firm reference number 733534). This document should be read in conjunction with the "Macquarie Investment Management - EMEA Order Execution Policy".

The Macquarie Investment Management - EMEA Order Execution Policy can be viewed at:

<https://static.macquarie.com/dafiles/Internet/mgl/global/shared/about/disclosures/docs/mim-order-execution-policy.pdf?v=2>

## 1.3 Activities in Scope

The document sets out the Top 5 venues by each class of instrument type utilised for the execution of client orders in financial instruments where MIMEL has agreed to execute, and where it has categorised a client as a professional client (as that term is defined in MiFID II) and has an obligation of best execution to the client pursuant to article 27 of MiFID II.

MIMEL does not execute client orders for retail clients.

The table below identifies the class of financial instruments in respect of which MIMEL executed client orders for professional clients during the period to which this report relates.

#	Class of Financial Instruments	Client Orders executed by MIMEL?	MIMEL in scope for 'Top 5' Execution Venue Report?
1	Currency derivatives: Swaps, forwards and other currency derivatives	Yes	Yes
2	Debt Instruments: Bonds	Yes	Yes
3	Interest Rate Derivatives: Futures and options admitted to trading on a Trading Venue	Yes	Yes
4	Interest Rate Derivatives: Swaps, forwards and other interest rate derivatives	Yes	Yes
5	Credit derivatives: other credit derivatives	Yes	Yes

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## 1.4 Order Type

MIMEL acts on a discretionary mandate basis in the execution of orders. MIMEL's clients do not specify execution venue for trade execution, nor do they participate in the trading decisions made by MIMEL.

In the subsequent tables, 'directed' orders are not relevant because MIMEL's clients do not direct the trading to a certain execution venue.

'Passive' orders are not relevant because in the nature of MIMEL's business as a buy-side Investment Firm, MIMEL will always be taking liquidity. All MIMEL orders are therefore 'aggressive' orders, as outlined in the subsequent tables.

## 2. Top 5 Venues by Class of Financial Instrument

### 2.1 Currency derivatives: Swaps, forwards and other currency derivatives

MIMEL acts in its capacity as portfolio manager, on a discretionary mandate basis, on behalf of fund and separately managed account clients for the execution of trades in 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	Yes				
Top five execution venues ranked in terms of trading volume (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
Westpac Banking Corporation (LEI: EN5TNI6CI43VEPAMHL14)	57%	57%	Not applicable	57%	Not applicable
Commonwealth Bank of Australia (LEI: MSFSBD3QN1GSN7Q6C537)	30%	25%	Not applicable	25%	Not applicable
National Australia Bank Limited (LEI: F8SB4JFBSYQFRQEH3Z21)	6%	11%	Not applicable	11%	Not applicable
JPMorgan Chase Bank, National Association (LEI: 7H6GLXDRUGQFU57RNE97)	6%	4%	Not applicable	4%	Not applicable
BNP PARIBAS (LEI: R0MUWSFPU8MPRO8K5P83)	0%	2%	Not applicable	2%	Not applicable

#### 2.1.1 Execution Factors

In relation to transactions in currency instruments, the trader will on most occasions consider price (including costs) to be the most important execution factor. Other execution factors that may be taken into account at the discretion of the relevant trader include: Creditworthiness, speed of execution, clearance and settlement capability of the currencies involved.

### 2.2 Debt Instruments: Bonds

MIMEL acts in its capacity as portfolio manager, on a discretionary mandate basis, on behalf of fund and separately managed account clients for the execution of trades in debt instruments.

Class of Instrument	Debt Instruments: bonds and money market instruments				
Notification if <1 average trade per business day in the previous year	No				
Top five execution venues ranked in terms of trading volume (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
Tradeweb Europe Limited (MIC: TREU)	23%	23%	Not applicable	23%	Not applicable
J.P. Morgan Securities PLC (LEI: K6Q0W1PS1L1O4IQL9C32)	9%	9%	Not applicable	9%	Not applicable
Royal Bank of Canada Europe Limited (LEI: TXDSU46SXBWIGJ8G8E98)	9%	9%	Not applicable	9%	Not applicable
Citigroup Global Markets Limited (LEI: XKZZ2JZF41MRHTR1V493)	9%	10%	Not applicable	10%	Not applicable
DEUTSCHE BANK AKTIENGESELLSCHAFT (LEI: 7LTWFZYICNSX8D621K86)	8%	8%	Not applicable	10%	Not applicable

The data above shows an estimated split between the execution venues MIMEL used to execute trades in debt instruments. An accurate measure will be provided in subsequent reports.

Macquarie mainly uses online, auction-type venues, such as a multilateral trading facility (MTF), e.g. Tradeweb which are available for participation by interested parties and provide the opportunity for simultaneous, competitive bids/ offers in which to effect fixed income transactions.

## 2.3 Interest rate derivatives: Futures and options admitted to a trading venue

MIMEL acts in its capacity as portfolio manager, on a discretionary mandate basis, on behalf of fund and separately managed account clients for the execution of trades in interest rate derivatives.

Class of Instrument	Interest Rate Derivatives: Futures and options admitted to trading on a Trading Venue				
Notification if <1 average trade per business day in the previous year	No				
Top five execution venues ranked in terms of trading volume (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
ARCHR LLP (LEI:549300ACVHHYSDIK2029)	55%	38%	Not applicable	38%	Not applicable
DEUTSCHE BANK AKTIENGESELLSCHAFT (LEI:7LTFZYICNSX8D621K86)	17%	17%	Not applicable	17%	Not applicable
Macquarie Bank Limited (LEI:4ZHCHI4KYZG2WVRT8631)	12%	23%	Not applicable	23%	Not applicable
Merrill Lynch International (LEI:GGDZP1UYGU9STUHRDP48)	10%	8%	Not applicable	8%	Not applicable
Goldman Sachs International (LEI:W22LROWP2IHZNBB6K528)	5%	10%	Not applicable	10%	Not applicable

### 2.3.1 Execution Factors

In the case of Futures, MIMEL only transacts futures through a central order book, and therefore, the price on the screen will likely be the best available price at the time of execution.

## 2.4 Interest rate derivatives: Swaps, forwards and other interest rate derivatives

MIMEL acts in its capacity as portfolio manager, on a discretionary mandate basis, on behalf of fund and separately managed account clients for the execution of trades in interest rate derivatives.

Class of Instrument	Interest Rate Derivatives: Swaps, forwards and other interest rate derivatives				
Notification if <1 average trade per business day in the previous year	Yes				
Top five execution venues ranked in terms of trading volume (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
Goldman Sachs International (LEI:W22LROWP2IHZNBB6K528)	62%	78%	Not applicable	78%	Not applicable
Citigroup Global Markets Limited (LEI:XKZZ2JZF41MRHTR1V493)	31%	11%	Not applicable	11%	Not applicable
J.P. Morgan Securities PLC (LEI:K6Q0W1PS1L1O4IQL9C32)	7%	11%	Not applicable	11%	Not applicable

## 2.4.1 Execution Factors

MIMEL will on most occasions consider that price is the most important execution factor. Other execution factors that are permitted, may be taken into account at the discretion of the relevant portfolio manager as is appropriate for the size and nature of the relevant order.

## 2.5 Credit Derivatives

MIMEL acts in its capacity as portfolio manager, on a discretionary mandate basis, on behalf of fund and separately managed account clients for the execution of professional customer orders in credit derivatives.

Class of Instrument	Credit derivatives: other credit derivatives				
Notification if <1 average trade per business day in the previous year	Yes				
Top five execution venues ranked in terms of trading volume (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
BNP PARIBAS (LEI:R0MUWSFPU8MPRO8K5P83)	62%	57%	Not applicable	57%	Not applicable
Merrill Lynch International (LEI:GGDZP1UYGU9STUHRDP48)	18%	14%	Not applicable	14%	Not applicable
Goldman Sachs International (LEI:W22LROWP2IHZNBB6K528)	17%	14%	Not applicable	14%	Not applicable
J.P. Morgan Securities PLC (LEI:K6QOW1PS1L1O4IQL9C32)	2%	14%	Not applicable	14%	Not applicable

## 2.5.1 Execution Factors

In respect of credit derivative transactions, MIMEL will on most occasions consider that price is the most important execution factor. Other execution factors are permitted, may be taken into account at the discretion of the relevant portfolio manager as is appropriate for the size, and nature of the relevant order.

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## 3. Execution Factors and Considerations for Determining Best Execution

The following summarises the MIMEL approach to best execution and should be read in conjunction with the “Macquarie Investment Management – EMEA Order Execution Policy”. This policy details the different factors of execution venue at an asset class level.

### 3.1 Best Execution Factors

MIMEL will take into account a range of different factors (the “Execution Factors”) in deciding how to execute the order.

These include:

- price;
- the cost of execution;
- the need for timely execution;
- the execution venue;
- the likelihood of executing and settling the order (including the fill rate);
- the size of the order;
- the nature of the financial instrument including whether it is executed on a regulated market, multi-lateral trading facility (MTF), organised trading facilities (OTF) or over-the-counter (OTC);
- the market impact of the order;
- liquidity; and
- any other factors that may be relevant to the execution of the order.

MIMEL will determine the relative importance of the above factors by reference to the following execution criteria:

- the characteristics of the client including the categorisation of the client as professional client;
- the characteristics of the client order;
- the characteristics of financial instruments that are the subject of that order; and
- the characteristics of the execution venues and brokers to which that order can be directed.



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## 4. Monitoring and Assessment of Best Execution

### 4.1 Best Execution Assessment Criteria

MIMEL will exercise its discretion in determining the Execution Factors (and the relative importance thereof) that MIMEL needs to take into account for the purpose of providing the client with best execution, based on MIMEL's experience and in light of the available market information at the relevant time.

Generally, the highest priority is placed on price. From time to time, MIMEL may also prioritise other factors such as the impact on market prices of displaying and executing the order and the availability of price improvement, or the speed and likelihood of execution and settlement.

There may also be occasions where MIMEL prioritises other Execution Factors including the nature of the order, the characteristics of the financial instruments that are subject to that order and the characteristics of the venue to which that order can be directed.

### 4.2 Monitoring and Oversight of Best Execution

Representatives from MIMEL Compliance, Investment Risk Management, the relevant trading desks, and Investment Risk Management are involved in various activities relating to monitoring, reviewing and reporting execution quality, including brokers used in trading.

MIMEL monitors the execution provided by the brokers to ensure it is meeting its best execution requirements, that it obtains the best possible result for its clients and that it is aware of any need to make changes to its execution arrangements. The process of monitoring best execution varies by instrument type based on, among other considerations, reasonably available relevant information used to monitor execution and competing venues or brokers and the perceived benefits of potential monitoring activities.

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## 5. Close Links and common ownerships of trading venues and Conflicts of Interest

### 5.1 Close Links and Common Ownership

The Macquarie Group Limited has investments in the following entities:

- JB Drax Honoré
- Berkley Futures Limited
- Intercontinental Exchange
- Euroclear

MIMEL does not transact with the above entities.

### 5.2 Conflicts of Interest

Macquarie Group has a Conflicts of Interest Policy in place. This policy outlines Macquarie's framework, controls and administration for identifying and managing conflicts of interests. The Link to Macquarie Group Conflicts of Interest Policy:

<https://static.macquarie.com/dafiles/Internet/mgl/global/shared/about/disclosures/docs/EMEA-Conflicts-of-Interest-summary-policy.pdf?v=2>

Please see the Macquarie Group Conflicts of Interest Summary Policy for further details.

### 5.3 Contact Details

For further information, please contact: [ComplianceEMEA@macquarie.com](mailto:ComplianceEMEA@macquarie.com)