

Macquarie Investment Management Europe S.A.

MIFID II RTS 28 Report (Transmission of Orders) – Professional Clients

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1. Scope and Application

1.1 Purpose of this Report

This report has been prepared by Macquarie Investment Management Europe S.A. (MIME) 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.

MIFID II RTS 28 requires investment firms which execute client orders (or transmit client orders to other entities for execution) to summarise and make public on an annual basis, for each class of financial instruments, the Top 5 execution venues (or entities, in the case of transmission) in terms of trading volumes where they executed (or transmitted for execution) client orders in the preceding year and information on the quality of execution obtained in prescribed content and format. This report is published by MIME in respect of its order transmission activities in Equities.

This report has been prepared to enable clients to evaluate the quality of MIME's execution practices and to identify the Top 5 execution entities, by trading volume, utilised for the transmission of client orders during the preceding year.

1.2 Entities in Scope

This document applies to MIME, being an investment firm authorised and regulated by the Commission de Surveillance du Secteur Financier (CSSF) Conduct Authority (firm reference number P-00000118). This document should be read in conjunction with the, "Order Execution Policy – MIME S.A." document, which can be viewed here:

<https://www.macquarie.com/assets/macq/about/disclosures/EMEA-Order-Execution-Policy.pdf>

1.3 Activities in Scope

The document sets out the Top 5 execution entities by instrument type utilised for the execution of client orders in financial instruments where MIME is the Investment Manager, and where it has categorised a client as a professional client (as defined under MiFID II) and has an obligation of best execution to the client pursuant to article 27 of MiFID II.

MIME does not execute or transmit client orders for retail clients.

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

#	Class of Financial Instruments	Client Orders executed ¹ by MIME?	MIME in scope for 'Top 5' Execution Venue Report?
1	Equities	Yes	Yes
2	Currency Derivatives – Swaps, forwards and other currency derivatives	Yes	Yes

¹ MIME transmits orders to executing entities, it does not execute directly.

1.4 Order Type

MIME acts as Investment Manager on a discretionary mandate basis in the transmission of orders and does not execute any client orders directly. MIME's clients do not participate in the trading decisions made by MIME; however each client does stipulate their preferred executing entity for the transmission of orders.

In the subsequent tables, 'aggressive' orders are not relevant because MIME is not a buy-side Investment Firm and will never be taking liquidity.

'Passive' orders are not relevant since all MIME's orders are directed orders. A practice in which a fund adviser, working for the behest of its client, directs a trade to a specific broker-dealer for execution in return for some sort of benefit. Such benefits can include services or payments. Unlike soft dollar arrangements, the benefits are realized by the client, not the adviser.

2. Execution Factors and Considerations for Determining Best Execution

The following summarises MIME's approach to best execution and should be read in conjunction with the, "Order Execution Policy – MIME S.A." document.

2.1 Best Execution Factors

MIME 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.

MIME 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.

3. Top 5 Executing Entities by Class of Financial Instrument

MIFID II RTS 28 requires investment firms which execute client orders (or transmit client orders to other entities for execution) to summarise and make public on an annual basis, for each class of financial instruments, the Top 5 execution venues (or entities, in the case of transmission) in terms of trading volumes where they executed (or transmitted for execution) client orders in the preceding year and information on the quality of execution obtained in prescribed content and format. This report is published by MIME in respect of its order transmission activities in Equities and Currency Derivatives.

3.1 Equities

MIME acts in its capacity as Investment Manager on behalf of the fund and separately managed accounts for the transmission of orders in equities.

Class of Instrument	Equities				
Notification if <1 average trade per business day in the previous year	Yes				
Top 5 execution venues ² 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
Pavilion Global Markets	69%	72%	0	0	100%
Quintet Luxembourg, Private Bank (formerly KBL)	31%	28%	0	0	100%

3.1.1 Execution Factors

The primary factor for determining the execution venue and counterpart for equities is price. Factors such as liquidity, size of order and probability of execution increase in importance for securities where we have a large order and/or the underlying security is deemed illiquid.

MIME take several factors into account including:

- Price
- Liquidity
- Size of order
- Speed and likelihood of execution
- Market impact of the order

² MIME transmits orders to brokers for execution, it does not execute client orders directly.

3.3 Currency Derivatives

MIME acts in its capacity as Investment Manager on behalf of the fund and separately managed accounts for the transmission of orders in currency derivatives to hedge against market risk.

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 5 execution venues ³ 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
Quintet Luxembourg, Private Bank (formerly KBL)	100%	100%	0	0	100%

3.3.1 Execution Factors

The primary factor for determining the execution venue and counterpart for currency derivatives is price. Factors such as liquidity, size of order and probability of execution increase in importance for securities where we have a large order and/or the underlying security is deemed illiquid.

MIME take several factors into account including:

- Price
- Liquidity
- Size of order
- Speed and likelihood of execution
- Market impact of the order

³ MIME transmits orders to brokers for execution, it does not execute client orders directly.

4. Monitoring and Assessment of Best Execution

4.1 Best Execution Factors

- 4.1.1 An explanation of the relative importance the firm gave to the execution factors of price, costs, speed, likelihood of execution or any other consideration including qualitative factors when assessing the quality of execution;

The primary factor for determining the executing entity was price. Order transmission was undertaken in compliance with the "Order Execution Policy – MIME S.A." policy document.

Compared to 2018, the executing entities that MIME transmitted orders to are unchanged. There are no specific arrangements concerning rebates or non-monetary benefits with any current execution venues.

- 4.1.2 A description of any close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders;

Conflicts of interest are managed by the required adherence to the processes and controls detailed in the Macquarie Group Conflicts of Interest Policy. Please see the link below for further details:

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

MiFID II – Level 1 Text – Article 4 (Definitions) defines close links as a situation in which two or more natural or legal persons are linked by participation in the form of ownership, direct or by way of control, of 20% or more of the voting rights or capital of an undertaking.

None of the above entities are considered to be close links or common ownerships of MIME.

- 4.1.3 A description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received;

There are no specific arrangements to report with any execution venues or brokers regarding payments made or received, discounts, rebates or non-monetary benefits received.

- 4.1.4 An explanation of the factors that led to a change in the list of execution venues listed in the firm's execution policy, if such a change occurred;

The list of execution venues or brokers did not change materially during the period.

- 4.1.5 An explanation of how order execution differs according to client categorisation, where the firm treats categories of clients differently and where it may affect the order execution arrangements;

This is not applicable given dealings of MIME are with Professional Clients only.

- 4.1.6 An explanation of whether other criteria were given precedence over immediate price and cost when executing retail client orders and how these other criteria were instrumental in delivering the best possible result in terms of the total consideration to the client;

This is not applicable as MIME does not deal with Retail Clients.

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- 4.1.7 An explanation of how the investment firm has used any data or tools relating to the quality of execution, including any data published under Commission Delegated Regulation (EU) .../...to be inserted before publication [RTS 27];
RTS 27 is not applicable to MIME.
 - 4.1.8 Where applicable, an explanation of how the investment firm has used output of a consolidated tape provider established under Article 65 of Directive 2014/65/EU.
This is not applicable as MIME does not make use of a consolidated tape provider.

4.1.9 Execution Summary

MIME makes an assessment across all the executing entities used during the period to ensure that best price was achieved.

4.2 Best Execution Assessment Criteria

MIME will exercise its discretion in determining the Execution Factors (and the relative importance thereof) that MIME needs to take into account for the purpose of providing the client with best execution, based on MIME'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, MIME 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 MIME 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.

4.3 Monitoring and Oversight of Best Execution

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

MIME 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.

4.4 Contact Details

For further information, please contact: ComplianceEMEA@macquarie.com