



2018 - Annex II

RTS28

**Data represents orders executed through the period January to December 2018.*

Introduction

Under MiFID II Santander Asset Management UK Limited ("SAM UK") is required to provide, on an annual basis, disclosures regarding the execution venues utilised for each asset class as well as information on the quality of execution. Please find below our annual RTS28 Report for 2019.

SAM UK recognises the importance of achieving the best possible result when carrying out trades for its clients (funds) and as such adheres to an Order Execution Policy which integrates SAM UK's obligations under the Financial Conduct Authority's (FCA's) COBS 11.2B and under the EU Markets in Financial Instruments Directive II ("MiFID II") contained in Articles 27 and 66 as applicable, and covers all relevant financial instruments. Best execution under MiFID II applies to professional and retail clients and to all financial instruments dealt in the course of carrying out its investment management business. It is a multi-factored test, with a requirement for SAM UK to take all sufficient steps to obtain on a consistent basis the best possible result for its clients through its order execution policy. We apply these principles to all clients.

An oversight meeting (The Best Execution Forum) is held on a monthly basis in order to review, discuss and enhance the best execution policy and adherence to it. The committee comprises of the Head of Investment Risk, SAM UK's CIO, Head of Dealing, Head of Compliance and other senior investment, compliance and risk employees who review the management information for all traded instrument types and discuss any concerns or issues.

Note

- a) 'Passive order' means an order entered into the order book that provided liquidity (e.g. coming in between bid and offer; submitting an order to an exchange which does not match an existing resting order);
- b) 'Aggressive order' means an order entered into the order book that took liquidity (e.g. by lifting an offer or hitting a bid; submitting an order to an exchange which is immediately matched with an existing resting order);

ESMA has clarified that these terms are unlikely to be relevant in the context of order transmission/placement by portfolio managers and, as such, the passive/aggressive fields would usually not need to be completed in the Broker Report for such entities. The only exception would be where the firm attaches a specific instruction to the order telling the broker to execute the order passively or, as the case may be, aggressively.

Passive/aggressive distinction is only relevant where the trading venue in question maintains the type of order book that enables members of the trading venue to trade both passively and aggressively. So, in the context of the Venue Report, the distinction would not be relevant to over-the-counter, request for quote (RfQ) based trading or for trades on trading venues that are RfQ platforms (where there is no such choice)

- c) 'Directed order' means an order where a specific broker/firm was specified by the client prior to the execution of the order.

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1. Equity

Table 1a.

Class of Instrument	Equity - Shares & Depository Receipt Bands 5&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
Jefferies International Limited	40.64%	37.24%	N/A	N/A	N/A
J.P. Morgan Securities PLC	13.38%	15.21%	N/A	N/A	N/A
Royal Bank of Canada	12.96%	11.09%	N/A	N/A	N/A
Investment Technology Group Limited	9.48%	16.48%	N/A	N/A	N/A
Merrill Lynch International	7.45%	3.01%	N/A	N/A	N/A

Table 1b.

Class of Instrument	Equity - Shares & Depository Receipt Bands 3&4				
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
Investment Technology Group Limited	18.72%	16.95%	N/A	N/A	N/A
Jefferies International Limited	17.82%	23.02%	N/A	N/A	N/A
J.P. Morgan Securities PLC	11.44%	10.07%	N/A	N/A	N/A
Investec Bank	9.97%	8.63%	N/A	N/A	N/A
Numis	7.43%	9.35%	N/A	N/A	N/A

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Table 1c.

Class of Instrument	Equity - Shares & Depositary Receipt Bands 1&2				
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
Investment Technology Group Limited	19.51%	13.31%	N/A	N/A	N/A
Stifel Nicolaus Europe Ltd	17.52%	9.68%	N/A	N/A	N/A
Peel Hunt	17.40%	36.29%	N/A	N/A	N/A
Investec Bank	12.15%	4.84%	N/A	N/A	N/A
Numis	11.43%	7.66%	N/A	N/A	N/A

Comments:

- The overall results were consistent with the execution factors in our execution policy. Price, speed, liquidity, costs and size where possible, were given the highest relative importance. Qualitative factors such as broker relationships were reviewed and monitored but were not necessarily the primary execution factor.
- For Equities-Shares & Depositary Receipts, Santander Global Corporate Banking (GCB) is an approved counterparty. Santander Asset Management UK Limited is under no obligation to show any preferential treatment to this counterparty – all approved counterparties are treated in an identical manner
- No specific arrangements are in place with any execution venues, regarding payments made or received, discounts, rebates or non-monetary benefits received.
- Santander Asset Management UK Limited added Liquidnet as an execution venue. The ability to anonymously trade block liquidity led to the addition.
- We do not differentiate how we treat different categories of clients
- We do not execute retail client orders
- We utilise a third party Transaction Cost Analysis (TCA) provider to assist us in analysing the execution received. We also analyse data on our trading to assist us in reviewing the execution arrangements in place, such as broker responses, liquidity-sourcing (particularly bands 1&2 and 3&4) and pricing.

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2. Debt Instruments

Table 2a.

Class of Instrument	Debt Instruments				
Notification if <1 average trade per business day in the previous year	N				
Top five Venues ranked in terms of 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
Citigroup	12.55%	9.43%	N/A	N/A	N/A
ROYAL BANK OF SCOTLAND PLC	10.38%	7.03%	N/A	N/A	N/A
HSBC	9.85%	10.59%	N/A	N/A	N/A
BARCLAYS BANK PLC	8.02%	5.49%	N/A	N/A	N/A
BNP Paribas	7.52%	6.26%	N/A	N/A	N/A

Table 2b.

Class of Instrument	Bonds				
Notification if <1 average trade per business day in the previous year	N				
Top five Venues ranked in terms of 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
Bloomberg LP	78.43%	84.09%	N/A	N/A	N/A
ROYAL BANK OF SCOTLAND PLC	3.25%	0.63%	N/A	N/A	N/A
Lloyds Bank	2.79%	0.95%	N/A	N/A	N/A
Citigroup	2.19%	0.95%	N/A	N/A	N/A
Banco Santander, S.A.	2.18%	0.21%	N/A	N/A	N/A

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Table 2c.

Class of Instrument	Money Market				
Notification if <1 average trade per business day in the previous year	N				
Top five Venues ranked in terms of 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
JP Morgan Chase	59.22%	37.50%	N/A	N/A	N/A
Citigroup	29.09%	25.00%	N/A	N/A	N/A
Morgan Stanley	10.84%	12.50%	N/A	N/A	N/A
Credit Agricole	0.01%	25.00%	N/A	N/A	N/A

Comments:

- The overall results were consistent with the execution factors in our execution policy. Price, liquidity and size where possible, were given the highest relative importance. Qualitative factors such as broker relationships were reviewed and monitored but were not necessarily the primary execution factor.
- For debt instruments, Santander Global Corporate Banking (GCB) is an approved counterparty. Santander Asset Management UK Limited is under no obligation to show any preferential treatment to this counterparty – all approved counterparties are treated in an identical manner.
- No specific arrangements are in place with any execution venues, regarding payments made or received, discounts, rebates or non-monetary benefits received.
- No changes in the list of execution venues listed in the firm’s execution policy occurred for the year of 2018.
- We do not differentiate how we treat different categories of clients.
- We do not execute retail client orders.
- We utilise a third party Transaction Cost Analysis (TCA) provider to assist us in analysing the execution received. We also analyse data on our trading to assist us in reviewing the execution arrangements in place, such as broker responses and pricing.

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3. Exchange Traded Products

Table 3a.

Class of Instrument	Exchanged Traded Products				
Notification if <1 average trade per business day in the previous year	N				
Top five Venues ranked in terms of volumes (descending order)	Proportion of volume executed as a percentage of total in that class	Proportion of orders executed as a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Investment Technology Group Limited	32.95%	68.36%	N/A	N/A	N/A
Flow Traders B.V.	22.53%	13.29%	N/A	N/A	N/A
Jane Street Financial Limited	19.04%	3.70%	N/A	N/A	N/A
Morgan Stanley & Co. International PLC	17.66%	6.99%	N/A	N/A	N/A
Société Générale	2.36%	1.51%	N/A	N/A	N/A

Comments:

- The overall results were consistent with the execution factors in our execution policy. Price and size where possible, were given the highest relative importance. The nature of our business results in numerous small value tickets. These are frequently relayed to Investment Technology Group (ITG), as an agency broker who acts as an un-conflicted aggregator by seeking multiple competing quotes from market makers on our behalf. This explains the large proportion of orders executed as a percentage of overall. These results are monitored to ensure compliance with on-going best-execution arrangements.
- No close links, conflicts of interest, nor common ownership exists with respect to any execution used by Santander Asset Management UK Limited to execute transactions in Exchange Traded Products.
- No specific arrangements are in place with any execution venues, regarding payments made or received, discounts, rebates or non-monetary benefits received.
- Jane Street Financial Limited were added to the list of approved execution venues in the firm's execution policy for the year of 2018.
- We do not differentiate how we treat different categories of clients.
- We do not execute retail client orders.

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- We utilise a third party Transaction Cost Analysis (TCA) provider to assist us in analysing the execution received. We also analyse data on our trading to assist us in reviewing the execution arrangements in place, such as broker responses and pricing.

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4. Currency Derivatives

Table 4a.

Class of Instrument	Currency Derivatives				
Notification if <1 average trade per business day in the previous year	N				
Top five Venues ranked in terms of volumes (descending order)	Proportion of volume executed as a percentage of total in that class	Proportion of orders executed as a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
J.P. Morgan Securities PLC	82.01%	78.43%	N/A	N/A	N/A
Merrill Lynch International	14.87%	17.65%	N/A	N/A	N/A
UBS Limited	3.06%	1.96%	N/A	N/A	N/A
BARCLAYS BANK PLC	0.06%	1.96%	N/A	N/A	N/A

Table 4b.

Class of Instrument	Swaps, Forward and other Currency Derivatives				
Notification if <1 average trade per business day in the previous year	N				
Top five Venues ranked in terms of volumes (descending order)	Proportion of volume executed as a percentage of total in that class	Proportion of orders executed as a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
UBS Limited	100.00%	100.00%	N/A	N/A	N/A

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Comments:

- Given the nature of our business, the results are consistent with the process set out in our execution policy. Price and liquidity, where possible, were given the highest relative importance. Qualitative factors such as broker relationships were reviewed and monitored but were not necessarily the primary execution factor.
- For Currency Derivatives, Santander Global Corporate Banking (GCB) is an approved counterparty. Santander Asset Management UK Limited is under no obligation to show any preferential treatment to this counterparty – all approved counterparties are treated in an identical manner.
- No specific arrangements are in place with any execution venues, regarding payments made or received, discounts, rebates or non-monetary benefits received.
- No changes in the list of execution venues listed in the firm's execution policy occurred for the year of 2018.
- We do not differentiate how we treat different categories of clients.
- We do not execute retail client orders.
- We utilise a third party Transaction Cost Analysis (TCA) provider to assist us in analysing the execution received. We also analyse data on our trading to assist us in reviewing the execution arrangements in place, such as broker responses and pricing.

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5. Equity Derivatives

Table 5a.

Class of Instrument	Equity Derivatives -Futures and Options				
Notification if <1 average trade per business day in the previous year	N				
Top five Venues ranked in terms of volumes (descending order)	Proportion of volume executed 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
UBS Limited	61.52%	54.55%	N/A	N/A	N/A
Merrill Lynch International	38.48%	45.45%	N/A	N/A	N/A

Comments:

- Given the nature of our business, the results are consistent with the process set out in our execution policy. We utilised UBS & Merrill Lynch International as our conduits to the market based on our strong relationship with those counterparties allied to the overall level of service delivered by them to us in respect of the on-exchange products accessed by us within this asset class.
- For Equity Derivatives, Santander Global Corporate Banking (GCB) is an approved counterparty. Santander Asset Management UK Limited is under no obligation to show any preferential treatment to this counterparty – all approved counterparties are treated in an identical manner.
- No specific arrangements are in place with any execution venues, regarding payments made or received, discounts, rebates or non-monetary benefits received.
- No changes in the list of execution venues listed in the firm's execution policy occurred for the year of 2018.
- We do not differentiate how we treat different categories of clients.
- We do not execute retail client orders.
- We utilise a third party Transaction Cost Analysis (TCA) provider to assist us in analysing the execution received. We also analyse data on our trading to assist us in reviewing the execution arrangements in place, such as broker responses and pricing.

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6. Interest Rate Derivatives

Table 6a.

Class of Instrument	Interest Rate Derivatives - Futures and Options				
Notification if <1 average trade per business day in the previous year	N				
Top five Venues ranked in terms of volumes (descending order)	Proportion of volume executed as a percentage of total in that class	Proportion of orders executed as a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
UBS Limited	90.39%	86.98%	N/A	N/A	N/A
Merrill Lynch International	9.61%	13.02%	N/A	N/A	N/A

Comments:

- Given the nature of our business, the results are consistent with the process set out in our execution policy. We utilised UBS & Merrill Lynch International as our conduits to the market based on our strong relationship with those counterparties allied to the overall level of service delivered by them to us in respect of the on-exchange products accessed by us within this asset class.
- For Interest Rate Derivatives, Santander Global Corporate Banking (GCB) is an approved counterparty. Santander Asset Management UK Limited is under no obligation to show any preferential treatment to this counterparty – all approved counterparties are treated in an identical manner.
- No specific arrangements are in place with any execution venues, regarding payments made or received, discounts, rebates or non-monetary benefits received.
- No changes in the list of execution venues listed in the firm's execution policy occurred for the year of 2018.
- We do not differentiate how we treat different categories of clients.
- We do not execute retail client orders.
- We utilise a third party Transaction Cost Analysis (TCA) provider to assist us in analysing the execution received. We also analyse data on our trading to assist us in reviewing the execution arrangements in place, such as broker responses and pricing.

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7. Collective Investment Schemes

Table 7a.

Class of Instrument	Collective Investment Schemes				
Notification if <1 average trade per business day in the previous year	N				
Top five Venues ranked in terms of volumes (descending order)	Proportion of volume executed 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
Allfunds Bank S.A. London Branch	100.00%	100.00%	N/A	N/A	N/A

Comments:

- The overall results were consistent with the execution factors in our execution policy. Price and liquidity where possible were given the highest relative importance.
- For order placement in Collective I+A350 Investment Schemes, Santander Asset Management UK Limited utilises Allfunds Bank S.A. as a conduit to external Mutual Fund companies and their respective administrators.
- No specific arrangements are in place with any execution venues, regarding payments made or received, discounts, rebates or non-monetary benefits received.
- No changes in the list of execution venues listed in the firm's execution policy occurred for the year 2018.
- We do not differentiate how we treat different categories of clients.
- We do not execute retail client orders.
- Collective Investment Schemes trades are executed at Net Asset Value (NAV) rather than market price, with the exception of Exchange Traded Funds which are subject to Best Execution filtering through Transaction Cost Analysis (TCA).

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