

China Post Global (UK) Limited – MiFID II RTS 28, BEST EXECUTION REPORTING:

The Markets in Financial Instruments Directive 2014/65/EU (“MiFID II”) requires investment firms who execute client orders to summarise and make public on an annual basis, for each class of financial instruments, the top five execution venues in terms of trading volumes where they executed client orders in the preceding year and information on the quality of execution obtained. This report has been published in accordance with technical standards as described in Commission Delegated Regulation EU/2017/576 (“RTS 28”) for all relevant financial instruments traded by China Post Global (UK) Limited (“China Post Global”). The information below provides typical dealing arrangements for all relevant instrument types and the execution venues that China Post Global has used between the period of 1 January 2019 to 31 December 2019.

Trading Venue Summary

1. Equity Derivatives: Instrument (g) as per Annex I of RTS 28

Class of instrument	Equity Derivatives				
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
Barclays Bank plc G5GSEF7VJP5I7OUK5573	54.9%	53.5%	0%	0%	100%
Goldman Sachs International W22LROWP2IHZNBB6K528	45.1%	46.5%	0%	0%	100%

2. Debt Instruments: (b) as per Annex I of RTS 28

Class of instrument	Debt Instruments				
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
China Guangdong - Hong Kong Greater Bay Area Holdings Limited	100%	100%	0%	0%	100%

3. Equity: Instrument (a) as per Annex I of RTS 28

Class of instrument	Equities - Shares & Depository Receipts - Tick size liquidity bands 5 and 6 (from 2000 trades per day)				
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
ICAP Securities Ltd 213800NMEZS3MD2IUP33	93.7%	40.1%	0%	0%	100%
CLSA (UK) 213800VZMAGVIU2IJA72	2.4%	40.5%	0%	0%	100%
MUFG Securities EMEA PLC U7M81AY481YLIOR75625	1.5%	6.6%	0%	0%	100%
Guotai Junan Securities (Hong Kong) Limited	1.4%	1.1%	0%	0%	100%
SMBC Nikko Capital Markets Limited G7WFA3G3MT5YHH8CHG81	1%	11.7%	0%	0%	100%

Summary of analysis/conclusions on the quality of execution

Investment firms shall publish for each class of financial instruments, a summary of the analysis and conclusions they draw from their detailed monitoring of the quality of execution obtained on the execution venues where they executed all client orders in the previous year. The information shall include 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.

Our Order Execution Policy describes in detail the principles and processes we follow when executing orders in financial instruments to ensure that we obtain the best possible result and provide our clients with best execution. There are various execution factors that determine the broker/execution venue selection for China Post Global. The relative importance of each of these factors and the manner in which the order is executed are based on the circumstances at the time of execution and differ for the type of financial instrument and the related fund structure.

Please see below qualitative order execution reports for each of the instrument types traded by China Post Global.

1. **Best Execution; OTC Products, including Equity Derivatives (OTC Derivative Counterparties):**

Best execution factors applicable to Over the Counter (“OTC”) products, and specifically derivative counterparties of China Post Global, acting in its capacity as Investment Manager to the fund companies listed below:

- **Market Access**
- **Market Access QIAIF ICAV**
- **Diversified Strategies QIAIF ICAV**

In most cases, price and costs associated with execution (the “total consideration”) were the most important factors, however due to the nature of these products, in some instances higher priority was placed on other execution factors. The relative importance of the execution factors is assessed on an order-by-order basis and in line with the Firm’s industry experience and prevailing market conditions.

Best Execution Factors – OTC Products:

1. Price
2. Pricing transparency
3. Secondary market liquidity terms – frequency, minimum size, cost
4. Counterparty credit rating and Credit Default Swap (“CDS”) level
5. Collateral – terms, haircuts, efficiency
6. Documentation - timely and accurate documentation, upfront and subsequently
7. Efficient settlement
8. Valuations – frequency, accuracy, timeliness of delivery, responsiveness
9. EMIR reporting – provision of delegated reporting service
10. EMIR variation margin – ability to competently and promptly agree and settle variation margin from the applicable effective date onward

(b) a description of any close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders;

China Post Global does not have any close links, conflicts of interests or common ownerships with respect to any execution venues used to execute orders.

(c) a description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received;

China Post Global has not received any payments, discounts or non-monetary benefits from the trading venues or brokers used to execute trades in OTC products.

(d) 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

OTC Derivative counterparties are selected based on their ability to meet the best execution factors listed above. OTC Derivative agreements are executed for a term period – therefore the list of venues to be used will be updated from time to time depending on:

1. The maturity of any derivative contracts
2. The ability of all existing and potential counterparties to meet the best execution criteria listed above and
3. The nature of any changes to the type of investments which China Post Global manages.

For the period year ending 31 December 2019, China Post Global used only the OTC Derivative counterparties listed in the relevant table above.

(e) 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;

China Post Global provides investment management services to Professional Clients only. Unless there is a client specific request, China Post Global’s order execution procedure does not differ.

(f) 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;

N/A – China Post Global does not execute orders for Retail Clients.

(g) 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) 2017/575 [RTS 27];

Due to the nature of the OTC Products traded, best execution is determined prior to trading. Derivative counterparties are selected based on the criteria above therefore there is no benefit of monitoring the quality of execution through RTS 27 reports i.e. it is known in advance of trading, not post trading.

(h) 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.

China Post Global does not collect data from a separate consolidated tape provider. Where relevant, data received directly from counterparties is used to carry out best execution analysis.

2. Best Execution; Securities (Equities and Debt Instruments):

Best execution factors applicable to the selection of Security brokers by China Post Global acting in its capacity as Investment Manager to the fund companies listed below:

- **Market Access**
- **Market Access QIAIF ICAV**
- **Diversified Strategies QIAIF ICAV**

Best Execution Factors – Securities

1. Costs (execution fees)
2. Price
3. Size of order
4. Execution levels
5. Nature of transaction
6. Documentation - timely and accurate documentation, execution confirmation
7. Efficient settlement
8. Trade reporting (performed on execution venue if required)
9. Transaction reporting (documentation needed for reporting, if required)

(b) a description of any close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders;

China Post Global does not have any close links, conflicts of interests or common ownerships with respect to any execution venues used to execute orders.

(c) a description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received;

ICAP Securities Ltd brokerage fees are waived when we trade equities under swap agreements with Barclays Bank plc. We have two venues where the cost per trade decreases when we hit a pre-arranged trading value on baskets of securities. This reduces execution costs by 2bps.

(d) 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

Security brokers are selected based on their ability to meet the best execution factors listed above.

- Due to the launch of a new fund under the Diversified Strategies QIAIF ICAV, specifically the Global Allocation Fund we have added a new Hong Kong equity broker, Guotai Junan Securities (Hong Kong) Limited.
- Due to the launch of a new fund under the Diversified Strategies QIAIF ICAV, specifically the Asian Income Fund we have added a new issuer, China Guangdong - Hong Kong Greater Bay Area Holdings.

(e) 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;

China Post Global provides investment management services to Professional Clients only. Unless there is a client specific request, China Post Global's order execution procedure does not differ.

Under the Diversified Strategies QIAIF ICAV Global Allocation Fund, China Post Global had a (professional) client directed request to trade equity with Guotai Junan Securities (Hong Kong) Limited and not adhere to the usual best execution process listed above.

(f) 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;

N/A – China Post Global does not execute orders for Retail Clients.

(g) 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) 2017/575 [RTS 27];

Due to the nature of some Securities traded, best execution is determined prior to trading. Therefore, in some instances there is no benefit of monitoring the quality of the best execution through RTS 27 reports. In other Securities traded, best execution is determined partially through the counterparties reporting, by meeting specific trading criteria, such as trading at closing prices to replicate the trading process of an underlying index.

(h) 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.

China Post Global does not collect data from a separate consolidated tape provider. Where relevant, data received directly from counterparties is used to carry out best execution analysis.

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