

CQS (UK) LLP (“CQS”) is required on an annual basis to provide additional disclosures around the execution venues utilised for each asset class as well as certain information on the quality of execution, as detailed in the Regulatory Technical Standard 28 of MiFID II. As a Collective Portfolio Management Investment (“CPMI”) firm and in accordance with the FCA Policy Statement 17/14, CQS is required to provide these disclosures in relation to clients for which the service of managing investments is provided. This disclosure does not include trading activity relating to our clients for which CQS is the appointed Alternative Investment Fund Manager (“AIFM”).

When determining the strategy for placing orders for execution in the market, CQS took into account a number of execution factors, including, but not limited to, price, cost, speed and likelihood of execution and settlement, size, nature and any other consideration relevant to the execution of orders and as appropriate for the characteristics of each order and the prevailing market conditions. In determining the relative importance of the execution factors CQS took into account the relevant client’s characteristics and objectives, the characteristic of the financial instrument including its liquidity and the available counterparties. These factors may differ from one order to another. We have however detailed below the relative importance of these factors for each asset class.

CQS approves all counterparties prior to placing orders for execution with them. Counterparty approval takes into account a number of factors including the counterparty’s credit worthiness, regulatory status and execution performance. CQS will ensure that it remains independent and conflict free when appointing counterparties to execute trades on behalf of clients.

CQS has a suite of policies designed to mitigate any potential conflicts of interest which may affect execution quality and are designed to safeguard CQS’ fiduciary obligations to take sufficient steps to achieve best execution. In relation to execution quality all clients are treated fairly. However, in instances where the execution counterparties are dictated by the client this can affect the execution quality.

CQS has reviewed the data provided by its counterparties, as required under the Regulatory Technical Standard 27 of MiFID II. This data has not provided any additional meaningful data for the purpose of CQS’ qualitative assessment.

For the year ending 2020 CQS can confirm that it considers it took sufficient steps to achieve the best result when executing trades for its clients.

Currency Derivatives

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 % of total in that class	Proportion of orders executed as % of total in that class	% of Passive orders	% of Aggressive orders	% of Directed orders
State Street	65%	53%	N/A	N/A	N/A
UBS	9%	10%	N/A	N/A	N/A
Northern Trust	7%	9%	N/A	N/A	N/A
RBC	6%	10%	N/A	N/A	N/A
Landesbank Hessen-Thüringen Girozentrale	4%	5%	N/A	N/A	N/A

In general, these trades are currency hedging trades which are placed with the relevant client's custodian. These trades are monitored and analysed for best execution purposes. Where the price provided by the custodian does not appear to provide the best possible result for the CQS client, these have been challenged.

Debt Instruments

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 % of total in that class	Proportion of orders executed as % of total in that class	% of Passive orders	% of Aggressive orders	% of Directed orders
Morgan Stanley	21%	9%	N/A	N/A	N/A
Wells Fargo	13%	2%	N/A	N/A	N/A
Barclays	10%	7%	N/A	N/A	N/A
BAML	10%	11%	N/A	N/A	N/A
J.P. Morgan	8%	12%	N/A	N/A	N/A

This relates to trades in corporate and sovereign debt as well as convertible and asset-backed securities. Size of order, price and cost were normally the most significant factors. However, execution speed and liquidity of the relevant instrument may mean that the likelihood of execution became the most significant factor.

Where there is a new bond issue there may be a limited selection of counterparties. This, therefore, may limit the ability for CQS to perform price discovery.

Credit derivatives

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 % of total in that class	Proportion of orders executed as % of total in that class	% of Passive orders	% of Aggressive orders	% of Directed orders
J.P. Morgan	29%	11%	N/A	42%	N/A
BNP Paribas	15%	14%	N/A	60%	N/A
Deutsche Bank AG	11%	8%	N/A	52%	N/A
BAML	11%	9%	N/A	81%	N/A
Barclays	10%	9%	N/A	46%	N/A

Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a % of total in that class	Proportion of orders executed as % of total in that class	% of Passive orders	% of Aggressive orders	% of Directed orders
BSEF (Bloomberg SEF)	42%	52%	0%	100%	N/A

This relates to credit default swaps. Size of order, price and cost were normally the most significant factors. However, execution speed and liquidity of the relevant instrument may mean that the likelihood of execution became the most significant factor. In some cases the counterparties used for these trades are determined by the client which may limit the ability for CQS to undertake a price discovery exercise.

Under the MIFID (and Dodd Frank Regulations) CQS (UK) LLP has an obligation to trade certain Index CDS contracts on a permissible organised trading venue. CQS (UK) LLP uses the Bloomberg SEF as it has the highest volumes for these contracts and has quotes from all major market participants.

Equity

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 % of total in that class	Proportion of orders executed as % of total in that class	% of Passive orders	% of Aggressive orders	% of Directed orders
J.P. Morgan	98%	99%	N/A	N/A	N/A
Morgan Stanley	1%	0%	N/A	N/A	N/A

The volume of trades in 2020 was low. Size of order, price and cost were significant factors. However, execution speed and broker responsiveness were also key factors.

Equity derivatives

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

Y

Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a % of total in that class	Proportion of orders executed as % of total in that class	% of Passive orders	% of Aggressive orders	% of Directed orders
Tullett	50%	28%	N/A	N/A	N/A
UBS	43%	12%	N/A	N/A	N/A
BNP Paribas	3%	16%	N/A	N/A	N/A
Citibank	3%	16%	N/A	N/A	N/A
JB Drax Honore (UK) Limited	0%	4%	N/A	N/A	N/A

Size of order, price and cost were significant factors. However, execution speed and broker responsiveness were also key factors.

Exchange Traded Products

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

Y

Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a % of total in that class	Proportion of orders executed as % of total in that class	% of Passive orders	% of Aggressive orders	% of Directed orders
BAML	61%	51%	N/A	N/A	N/A
Goldman Sachs & Co	19%	14%	N/A	N/A	N/A
J.P. Morgan	9%	11%	N/A	N/A	N/A
Cowen and Company, LLC	7%	5%	N/A	N/A	N/A
Citibank	3%	19%	N/A	N/A	N/A

This relates to trading in HY Credit ETF's. The volume of trades in 2020 was very low. Size of order, price and cost were normally the most significant factors. However, execution speed and liquidity of the relevant instrument may mean that the likelihood of execution became the most significant factor. The Trader utilises a multi quote RFQ system to source liquidity.

Interest rate derivatives

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

Y

Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a % of total in that class	Proportion of orders executed as % of total in that class	% of Passive orders	% of Aggressive orders	% of Directed orders
J.P. Morgan	100%	100%	N/A	N/A	N/A

This relates to interest rate derivative and the volume of trades in 2020 is very low. Size of order, price and cost were normally the most significant factors. However, execution speed and liquidity of the relevant instrument may mean that the likelihood of execution became the most significant factor.

Securities Financing Transactions

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 % of total in that class	Proportion of orders executed as % of total in that class	% of Passive orders	% of Aggressive orders	% of Directed orders
UBS	23%	22%	N/A	N/A	N/A
RBC	18%	12%	N/A	N/A	N/A
Societe Generale	13%	11%	N/A	N/A	N/A
BNP Paribas	9%	10%	N/A	N/A	N/A
Citibank	8%	10%	N/A	N/A	N/A

This relates to securities financing trades in corporate bonds and asset-backed securities.

Counterparties were selected on the basis of size of order, leverage offered, financing cost, execution speed and term. These are normally the most significant factors together with the availability of master agreements.